NABISCO BRANDS INC

1984 Annual Report

Nabisco Brands, Inc., is a worldwide producer and marketer of brand-name packaged foods. As one of the largest food companies in the United States, we have leading market positions in cookies, crackers, nuts and snacks, confectionery, desserts, margarines, hot cereals, pet snacks and consumer yeast.

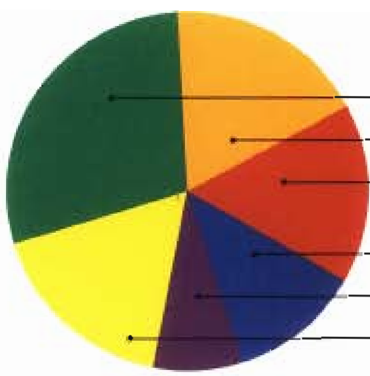
Nabisco Brands Ltd is one of the leading brand-name packaged-food companies in Canada. In the United Kingdom, we are a leader in biscuits and snacks. Nabisco Brands also has production and distribution facilities in Latin America, Continental Europe and the Asia/Pacific region and is a market leader in most countries in which we operate.

Nabisco Brands employs more than 68,000 people worldwide, has production facilities in over 35 countries and markets products in more than 100 countries.

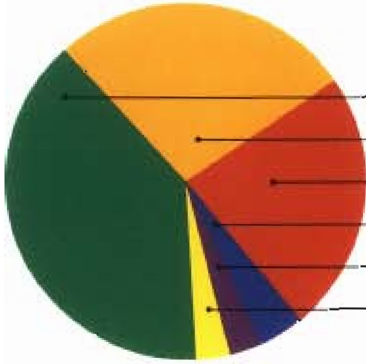
FINANCIAL HIGHLIGHTS

(In millions, except per share data)	**1984**	1983	1982
Net sales	**$6,253.1**	$5,985.2	$5,463.4[1]
Operating income	**579.0**	628.1	572.4[1]
Net income	**308.9**	322.6	314.7[2]
Per share of common stock:			
Net income	**5.02**	4.86	4.83
Dividends declared	**2.48**	2.28	2.05
Shareholders' equity	**26.60**	26.91	26.22
Working capital	**628.4**	584.1	888.0
Advertising and promotion	**769.8**	728.8	639.4[1]
Capital expenditures	**302.8**	240.9	252.5[1]
Total assets	**3,761.2**	3,625.5	3,924.3
Average common shares outstanding	**61.5**	66.3	65.0
Current ratio	**1.61:1**	1.54:1	1.83:1
Return on average common shareholders' equity	**19%**	19%	19%

(1)Excludes operations divested or leased in 1982.
(2)Includes a net, nonrecurring gain of $27.4 million.



Sources of 1984 Sales (Dollars in millions)		
U.S. Operations:		
Biscuit Products	29%	$1,799
Confectionery & Snack Products	18	1,110
Grocery Products	16	1,041
International and Canadian Operations:		
Biscuit Products	12	728
Confectionery & Snack Products	8	492
Grocery Products	17	1,083
Total	**100%**	**$6,253**



Distribution of 1984 Sales (Dollars in millions)		
Cost of materials	39%	$2,435
Cost of services, promotion and misc.	27	1,729
Employee costs	24	1,517
Taxes	4	263
Dividends	3	153
Reinvested earnings	3	156
Total	**100%**	**$6,253**

LETTER TO SHAREHOLDERS

Nabisco Brands had an excellent 1984. Sales were up. Earnings per share set a record. Market shares increased for many of our products around the world. Best of all, we were able to make major investments that promise truly significant future growth.

The Key Numbers Total sales went over the six billion dollar mark for the first time: \$6.3 billion, up 4% over 1983. Earnings per share increased to \$5.02 in 1984 from \$4.86 in 1983. Net income was \$309 million as compared with \$323 million a year earlier, reflecting record advertising and promotion expenses. These marketing investments are viewed as essential elements in our plans to build strength on strength in the years ahead. To the same end, capital expenditures in 1984 were \$303 million, up 26% over the previous year.

Nabisco Brands' return on equity stands at 19%, one of the highest in the food industry. In February 1984, dividends were increased 9% to \$2.48 per share of common stock and again increased to \$2.68 per share in February 1985.

Basis for Success There is no shortage of competition in the markets we serve. Our answer is aggressive marketing of traditional products and the creative introduction of new products designed to suit changing life styles and to meet the evolving needs of customers in all parts of the world.

One good example is our new line of *Almost Home* Moist and Chewy Cookies, contributing to the dramatic growth in the U.S. cookie market. Throughout this Annual Report you will find other instances of how new marketing ideas and products contributed to growth in many of our Company's product lines and in many parts of the world where we do business.

To help assure a continuing flow of new ideas and quality products, we have made substantial investments in our new Research and Development Center at East Hanover, New Jersey, which will open in the fall of 1985.

A Changing Retail Environment The retail grocery trade in the U.S.–and worldwide–is becoming increasingly sophisticated. We're meeting the challenge not only with record marketing expenditures but also with carefully-considered new distribution techniques, the consolidation of administrative and research personnel into more consumer-oriented organizational units, new manufacturing efficiencies and cost-reduction programs throughout the Company. Fortunately, the same kinds of self-examination and streamlining that help us serve our customers more effectively also result in reducing our own costs and enhancing the investment of Nabisco Brands' shareholders.

Management With all of our investments in equipment and new plants, success still depends on the quality of our people and on the organizational structure that permits us to respond to the challenges of today's world more quickly and efficiently. We have been involved in restructuring to improve management opportunities at all levels of the Company.

Robert M. Schaeberle,
Chairman of the Board (left);

James O. Welch, Jr.,
President and Chief Operating Officer (center);

F. Ross Johnson,
Vice Chairman of the Board and Chief Executive Officer (right).

To illustrate this, in July 1984, the following organization changes were implemented which increased the operating responsibilities of several key senior executives in the Company:

- Robert M. Schaeberle, Chairman of the Board and Chief Executive Officer, assumed the Chairmanship of the Executive Committee of the Board of Directors.
- F. Ross Johnson, President and Chief Operating Officer, was elected Vice Chairman of the Board and assumed Mr. Schaeberle's responsibilities as Chief Executive Officer.
- James O. Welch, Jr., Senior Executive Vice President and President of Nabisco Brands USA, became President and Chief Operating Officer of the Company.

Also during the year, three other significant organizational changes were implemented:

- H. F. Powell was named Chief Financial Officer of the Company, as well as being elected an Executive Vice President.
- Robert J. Carbonell was appointed President of Nabisco Brands USA and was also named an Executive Vice President.
- John E. Willett was appointed Chairman, International Nabisco Brands, and was elected an Executive Vice President.

For the Future Nabisco Brands is confident about the years ahead because it possesses an enviable collection of corporate strengths:

- A family of familiar, respected, and popular brand-name products.
- People with the courage, imagination and skill required to create and successfully market new products.
- Worldwide operations that are at the same time diverse in the markets they serve and cohesive in their maintenance of Nabisco Brands' reputation for quality and value.
- Solid financial strength and an excellent credit rating.
- Distribution systems unmatched in the industry.
- An advertising and promotional program that produces respect as well as sales.
- Over 68,000 people individually dedicated to being the best at what they do in a competitive world.

Building Strength on Strength We invite your careful review of the pages that follow. This Annual Report is a story of success in 1984, but even more, it is a reflection of the kinds of actions, investments and positive attitudes that point inevitably toward new records of growth and profitability in 1985 and in the years beyond.

RMSchaeberle F Ross Johnson James O. Welch, Jr.

Robert M. Schaeberle	F. Ross Johnson	James O. Welch, Jr.
Chairman of the Board	Vice Chairman of the Board and Chief Executive Officer	President and Chief Operating Officer

February 7, 1985

After many years of dedicated service, Kenneth C. Foster will retire from the Nabisco Brands Board of Directors on May 2, 1985. His contributions to the Company are acknowledged with gratitude and appreciation.

NABISCO BRANDS USA

	1984	(Dollars in millions) 1983	1982
Net sales	**$3,950**	$3,622	$3,491
Operating income	**451**	475	438
Identifiable assets	**1,730**	1,659	1,541
Capital expenditures	**187**	129	135
Depreciation expense	**67**	63	59
Operating income to net sales	**11%**	13%	13%
Operating income to assets	**26%**	29%	28%

Biscuit Products	1984	(Dollars in millions) 1983	1982
Net sales	**$1,799**	$1,549	$1,463
Operating income	**177**	209	204
Identifiable assets	**712**	682	643
Capital expenditures	**102**	62	97
Depreciation expense	**34**	33	31
Operating income to net sales	**10%**	13%	14%
Operating income to assets	**25%**	31%	32%

This segment manufactures and markets a large variety of cookie and cracker products. Retail sales and distribution are accomplished utilizing 3,200 direct store delivery sales personnel operating from a base of 180 sales branches. Brand-name products, such as *Oreo, Chips Ahoy!* and *Almost Home* Cookies and *Ritz* and *Premium* Crackers, are baked and packaged at 10 bakeries across the country.

Confectionery & Snack Products	1984	(Dollars in millions) 1983	1982
Net sales	**$1,110**	$1,053	$1,018
Operating income	**134**	127	104
Identifiable assets	**651**	621	574
Capital expenditures	**45**	32	19
Depreciation expense	**20**	18	16
Operating income to net sales	**12%**	12%	10%
Operating income to assets	**21%**	20%	18%

This segment consists of the Planters/Life Savers and Nabisco Confections divisions, which produce a variety of candy, gum, nut and snack products at 10 manufacturing locations. These products are sold through a direct sales force as well as through wholesalers and brokers from a network of distribution centers. Brand-name products include *Planters* Nuts and Snacks, *Life Savers* Hard-Roll Candy, *Care*Free* Sugarless Gum, *Baby Ruth* and *Butterfinger* Candy Bars, *Junior Mints* Candy and *Chuckles* Candy.

Grocery Products	1984	(Dollars in millions) 1983	1982
Net sales	**$1,041**	$1,020	$1,010
Operating income	**140**	139	130
Identifiable assets	**367**	356	324
Capital expenditures	**40**	35	19
Depreciation expense	**13**	12	12
Operating income to net sales	**13%**	14%	13%
Operating income to assets	**38%**	39%	40%

This segment includes a variety of packaged-food products, including margarines, desserts, pet foods and cereals. The Grocery division produces *Fleischmann's* and *Blue Bonnet* Margarines, *Royal* Desserts, *Milk-Bone* Dog Snacks, and *Nabisco* Shredded Wheat and *Cream Of Wheat* Cereals at 12 manufacturing locations. The Fleischmann division markets consumer and baker's yeast and industrial vinegar. The Food Service division sells a cross-section of products to institutions and vending customers. The All Brand Importers division sells a number of imported beers in U.S. markets.

NABISCO BRANDS LTD (CANADA)

	1984	(Dollars in millions) 1983	1982
Net sales	**$721**	$732	$639
Operating income	**61**	67	60
Identifiable assets	**373**	376	415
Capital expenditures	**17**	21	17
Depreciation expense	**12**	12	8
Operating income to net sales	**8%**	9%	9%
Operating income to assets	**16%**	18%	14%

Nabisco Brands Ltd, one of the largest brand-name packaged-food companies in Canada, consists of businesses that manufacture, distribute and sell a variety of brand-name cookies, crackers, margarines, cereals, yeast, baking powder, pet foods, confectionery, nuts and wines and spirits. It has over 30 manufacturing locations throughout the provinces of Canada.

INTERNATIONAL NABISCO BRANDS

	1984	1983 (Dollars in millions)	1982
Net sales	**$1,582**	$1,631	$1,334
Operating income	**141**	152	136
Identifiable assets	**1,107**	1,149	1,198
Capital expenditures	**90**	76	72
Depreciation expense	**36**	37	24
Operating income to net sales	**9%**	9%	10%
Operating income to assets	**13%**	13%	11%

United Kingdom	1984	1983 (Dollars in millions)	1982
Net sales	**$562**	$589	$249
Operating income	**39**	32	21
Identifiable assets	**395**	436	463
Capital expenditures	**38**	33	23
Depreciation expense	**17**	18	5
Operating income to net sales	**7%**	5%	8%
Operating income to assets	**10%**	7%	5%

This area generates over one-third of total International Nabisco Brands sales from snack, biscuit, cereal, baking mix and confectionery products. Brand-name products include *Ritz* Crackers, *Nabisco* Shredded Wheat and *Shreddies* Cereals, *Walkers* Crisps, *Huntley & Palmer* Biscuits, *Jacob's* Crackers, *Peek Freans* Biscuits and *Smiths* and *Tudor* Snacks.

Continental Europe	1984	1983 (Dollars in millions)	1982
Net sales	**$540**	$549	$533
Operating income	**39**	49	46
Identifiable assets	**396**	386	356
Capital expenditures	**37**	24	30
Depreciation expense	**11**	11	11
Operating income to net sales	**7%**	9%	9%
Operating income to assets	**10%**	13%	13%

This area consists of operations in France, Italy, Spain, the Netherlands, Denmark, Portugal and West Germany that market unique products for local tastes, as well as traditional Nabisco Brands products. The range of products includes biscuits, desserts, tea, coffee, confectionery, frozen pastry, pasta, snacks and tobacco.

Latin America	1984	1983 (Dollars in millions)	1982
Net sales	**$290**	$298	$374
Operating income	**53**	58	57
Identifiable assets	**197**	191	259
Capital expenditures	**7**	10	9
Depreciation expense	**5**	5	5
Operating income to net sales	**18%**	19%	15%
Operating income to assets	**27%**	30%	22%

This area includes operations in Brazil, Argentina, Venezuela, Mexico and other South and Central American countries. Strong market share positions with *Royal* and *Fleischmann's* brand products, including baking aids, gelatins, puddings and other desserts, are the foundation of the businesses in this area. Other products include biscuits, confectionery, snacks and milk products.

Asia/Pacific	1984	1983 (Dollars in millions)	1982
Net sales	**$190**	$195	$178
Operating income	**10**	13	12
Identifiable assets	**119**	136	120
Capital expenditures	**8**	9	10
Depreciation expense	**3**	3	3
Operating income to net sales	**5%**	7%	7%
Operating income to assets	**8%**	10%	10%

The operations in this area manufacture and market cereals, biscuits and snacks in Australia and biscuits, confectionery and snacks in New Zealand. Operations in both Malaysia and Singapore manufacture and/or distribute a large variety of Nabisco Brands products for home consumption and export. Unconsolidated businesses in this area include operations in Japan and India.

NABISCO BRANDS USA

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$3,950**	$3,622	$3,491	$3,059	$2,895
Operating Income	**451**	475	438	383	319

The domestic sector of Nabisco Brands, Inc., reported sales increases of 9% to $3.9 billion for the year 1984. A 5% decline in operating income resulted principally from significantly increased marketing expenditures invested in Biscuit Products.

Again in 1984, Nabisco Brands maintained leading U.S. market-share positions in cookies, crackers, confectionery, desserts, margarines, consumer yeast, hot cereals, nuts and pet snacks.

Sponsorship of Major Events Continue Company sponsorship of major national sports events continued with the fourth year of the Nabisco Dinah Shore Golf Tournament, the most prestigious on the women's golf circuit. In addition, Nabisco Brands has become the official sponsor of the Grand Prix of Tennis and the Grand Prix Masters commencing with the 1985 season. The Grand Prix includes every major tennis championship in the world and will be an excellent promotional event for the Company worldwide.

Nabisco Brands also continues to advertise its products on the CBS and NBC network telecasts of the renowned Tournament of Roses Parade each New Year's Day.

BISCUIT PRODUCTS

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$1,799**	$1,549	$1,463	$1,351	$1,221
Operating Income	**177**	209	204	191	170

The nation's leading cookie and cracker brands are found in Nabisco Brands Biscuit Products segment. Sales increased to $1.8 billion, 16% over 1983 levels, sparked by strong volume gains of over 20% in our cookie line and supported by the maintenance of our leading position in the competitive cracker market.

The sales gains were not reflected in earnings because of substantial increases in advertising and promotion expenditures of more than 30% over 1983 levels in support of both new and traditional biscuit products, setting the stage for future growth.

Cookie Volume Up Cookie volume increases and an improved leading market-share position were mainly the result of strong volume gains for flagship brands such as *Oreo* Chocolate Sandwich Cookies and *Lorna Doone* Shortbread and the success of our new introductions, *Almost Home* and *Chewy Chips Ahoy!* Cookies. Nabisco Brands' total volume increase in cookies in 1984 was more than double the 9% increase registered by the industry.

***Almost Home* a Success** The *Almost Home* line of moist and chewy cookies was available in all parts of the country by August 1984, one year after its initial regional launch. *Almost Home* was thus the first soft, home-style cookie brand to attain national distribution.

Sales of Biscuit Products increased 16% due to successful new products, such as *Almost Home* Cookies, and traditional favorites, including *Ritz* Crackers and *Oreo* Chocolate Sandwich Cookies.

Its popular varieties, which are sold in packages bearing a graphic design with an old-fashioned motif, include a range of chocolate chip, fruit stick, creme sandwich, peanut butter, iced and oatmeal cookies, as well as a brownie. The products are selling beyond original expectations. The *Almost Home* line is well on its way to becoming one of the Company's leading brands of cookies.

Almost Home Cookies have been heavily advertised and promoted during the year with both extensive consumer coupons and trade incentives as well as compelling and creative TV advertising. A new consumer promotion, "Send Someone Special *Almost Home*," invites consumers to send a free package of *Almost Home* Cookies to U.S. military personnel anywhere in the world. This and other successful promotions will be continued in 1985.

Nabisco Brands leads the way with excitement and change of pace in the growing soft-cookie area. The recent introduction of three new *Almost Home* varieties, a new advertising campaign, and an improved *Almost Home* Chocolate Chip Cookie exemplifies this leadership.

***Chips Ahoy!* Expanded** *Chewy Chips Ahoy!* Chocolate Chip Cookies, introduced regionally in June 1984, greatly expanded the choices available to chocolate chip cookie enthusiasts. Our product line provides a tantalizing menu of chocolate chip cookies–*Chips Ahoy!*, *Chewy Chips Ahoy!*, *Chips 'N More*, *Coconut Chocolate Chip* and *Fudge Chocolate Chip*–offering crisp and crunchy, chewy and shortbread textures.

The *Chips Ahoy!* brand, the leading chocolate chip cookie, has experienced tremendous tonnage increases during the year. With *Chewy Chips Ahoy!* Cookies now in national distribution, we anticipate further gains in 1985.

Traditional Cookies Doing Well The number-one selling cookie in the world, *Oreo* Chocolate Sandwich Cookies, turned in a significant volume gain of approximately 6% in 1984. *Oreo* brand awareness has been further expanded with the recently introduced *Oreo* Brand *Cookies 'N Cream* Ice Cream, for which we supply *Oreo* Cookies under a licensing agreement.

Our *Newtons* line offers fig and apple varieties along with a new blueberry flavor that is now in test markets.

Crackers Hold Leading Market Share Our basic cracker brands performed well, holding their leading share in a difficult market.

Ritz Crackers, celebrating its 50th anniversary in 1984, had strong volume gains. The introduction of a 16-ounce-size variety, with four individually wrapped rows of crackers, and a number of consumer promotions helped spur the sales growth. A new and improved crispier *Ritz* Cracker and a new package design will be available in 1985.

In a sharply competitive market, *Premium* Crackers registered volume gains of over 3%. A number of consumer promotions helped to achieve the significant gain for the year.

Outlook Good for Snacking Crackers Snacking crackers had a difficult year in 1984 in a competitive market, but did experience strong volume and sales increases late in the year.

Introduced early in the year was a new snack cracker, *Herbs & Spice Twigs*. Low salt varieties of both *Triscuit* Wafers and *Wheat Thins* Snack Crackers were also nationally introduced in 1984.

Strong sales gains were achieved for the year by *Life Savers* Hard-Roll Candy, *Care*Free* Sugarless Gum, *Bubble Yum* Bubble Gum and *Baby Ruth* and *Butterfinger* Candy Bars.

In order to expand further the appeal of Nabisco Brands snacking crackers, we are in the process of improving overall product mix and marketing thrust and expect sales and market-share gains in 1985.

Other Products Our line of *Mister Salty* Pretzels, the nation's number-one pretzel brand, was expanded during the year to provide the consumer with more pretzel varieties.

During the fourth quarter of 1984, *Snack Mate* Pasteurized Process Cheese Spread received a new name–*Easy Cheese*–and a new package design. The changes are aimed at conveying to consumers the product's real cheese content, its convenience and the fact that it needs no refrigeration.

A New Line of Products Nabisco Brands is injecting new levels of excitement into the cookie and cracker market. In January 1985, we introduced into 11% of the country a complete line of single-serve items designed to satisfy consumer snacking needs. The line includes *Oreo* "Big Stuf" Cookies (giant three-inch-size *Oreo* Cookies), all-time favorites such as *Chips Ahoy!* and *Fig Newtons* Cookies and some new items, including sandwich cakes and brownies.

This line of quality, single-serve Nabisco Brands products is targeted at changing lifestyles and demographics. Distribution will go beyond supermarkets, reaching convenience stores and other places where snacking and sampling opportunities are abundant.

Strong brand-name products, backed by greatly expanded advertising and promotion expenditures and the strength of our direct store delivery system with its 3,200-member sales force, solidly position Biscuit Products for a very successful year in 1985.

CONFECTIONERY & SNACK PRODUCTS

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$1,110**	$1,053	$1,018	$728	$690
Operating Income	**134**	127	104	87	58

Confectionery & Snack Products in 1984 achieved sales and operating income improvements of 5% and 6%, respectively.

Leader in Hard-Roll Candy and Gums Nabisco Brands, the market leader in hard-roll candy, recorded higher volume and market-share gains for *Life Savers* Hard-Roll Candy, while *Breath Savers* Sugarless Candy maintained its leading market-share position in the sugarless hard-roll candy area.

Consistent consumer advertising paid off handsomely for both products. The "Less than 10 Calories" *Life Savers* Candy advertising and the "Break Open the *Breath Savers*" campaign have both been very successful.

Despite competitive pressures from traditional and new entrants, *Care*Free* Sugarless Gum increased its tonnage and maintained its strong number-two position in the sugarless gum category.

New Flavors and Unique Advertising Nabisco Brands has the top position in bubble gum with the number-one brands in both cube and stick varieties, *Bubble Yum* Bubble Gum and *Care*Free* Sugarless Bubble Gum, respectively.

Early in 1985, we introduced two new *Bubble Yum* flavors–Luscious Lime and Bananaberry Split–the results of a technology breakthrough in

Planters Nuts maintained its position as the nation's number-one nut brand.

co-extrusion for bubble gum. We anticipate these new two-flavors-in-one items to generate increased excitement in the bubble gum market.

Bubble Yum Sugarless Bubble Gum recorded strong volume gains for the year. "You've outgrown the sugar, but not the fun!," a unique consumer promotion campaign for *Bubble Yum* Sugarless Bubble Gum, was initiated during the year, aimed at young adults.

An exciting new advertising campaign for *Bubble Yum* Bubble Gum, geared to an even younger audience, was recently introduced in the popular music-video format.

New Candy a Success *Bonkers!* Fruit Candy was successfully rolled out nationally during 1984. The initial results lead us to expect the product to perform very well in one of the fastest-growing categories in the confectionery industry: chewy candy.

Improvements for Candy Bars *Baby Ruth* and *Butterfinger* Candy Bars recorded significant sales volume increases in 1984 as a result of a full year of advertising support, strong merchandising by the Life Savers sales force, improved product quality and freshness, updated package graphics and a very strong Halloween performance. The "Guaranteed Fresh" advertising campaign for the candy bars utilized during the year was a great success.

Other Items Other confectionery products, such as *Junior Mints* Candy, *Charleston Chew!* Candy Bars, *Pearson* Candy and *Sugar Daddy* Pops also performed favorably during the year.

Our confectionery vending business developed well, led by *Baby Ruth* and *Butterfinger* Candy Bars and the *Planters* single-serve nut packs.

The *Merckens* Chocolate operation caters to retail confectioners and the home-candy-making market and supplies Biscuit Products with some of its chocolate needs.

New Strategies for *Planters* *Planters* Nuts maintained its position as the nation's number-one nut brand. Increased competitive pressures, however, resulted in volume declines for *Planters* Nuts during the past year.

Product improvements, new products and focused marketing programs are planned for the purpose of revitalizing the nut business in 1985. Focusing on our snack products' unique characteristics and position with the trade is expected to improve results for *Planters* Canister Snacks beginning in 1985.

A new product, *Planters Sweet-N-Crunchy* Peanuts, was available in all parts of the country by February 1985.

Productivity a Factor In 1984, productivity improvements and energy savings in our confectionery manufacturing plants were an important factor in achieving improved earnings results for the Confectionery & Snack Products segment.

Additional savings will be realized through the 1984 closing of two small confectionery plants and by the consolidation of their production volumes at remaining more-efficient facilities.

In 1985, Nabisco Brands will begin a major three-year modernization program of the Franklin Park, Illinois, candy bar facility. A new manufacturing process and the upgrading of packaging equipment are expected to produce significant productivity and product quality gains.

Fleischmann's Margarines and *Spoon Size* Shredded Wheat and *Cream Of Wheat* Cereals are some of Nabisco Brands' popular brand-name products.

GROCERY PRODUCTS

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$1,041**	$1,020	$1,010	$980	$984
Operating Income	**140**	139	130	105	91

Nabisco Brands Grocery Products segment reported slightly higher sales and operating income in 1984 as compared with year-earlier levels.

A Good Year for Shredded Wheat Nabisco Brands ready-to-eat cereals recorded strong tonnage gains, outperforming a very competitive market.

Record sales tonnage was achieved in 1984 for our expanding Shredded Wheat line, which now includes *Nabisco* Shredded Wheat, *Spoon Size* Shredded Wheat and *Toasted Wheat & Raisins* Cereals. Growth has been significantly increased through advertising campaigns and consumer promotions that focus on the no-salt, no-sugar features of Shredded Wheat. All indications point to continued strong growth momentum of our Shredded Wheat products in 1985.

Nabisco 100% Bran Cereal outperformed the market as a result of increased marketing support that takes advantage of continued consumer interest in high fiber foods.

Hot-Cereal Market Competitive Nabisco Brands maintained its strong number-two position in the hot-cereal market with its Cook-on-Stove, Instant and Mix 'n Eat *Cream Of Wheat* Hot Cereals. However, warmer weather in much of the country in 1984 hampered the entire hot-cereal market, and competitive pressures, particularly from new-product entries, resulted in some tonnage declines for *Cream Of Wheat* Cereals.

Another hot cereal, *Cream Of Rice,* which we purchased in 1983 and now produce in our plant in Minneapolis, Minnesota, had a good year, with market-share improvement most evident in the second half.

Significant productivity savings for hot cereals should be realized from new packaging and processing equipment being installed in our Minneapolis plant.

Number One in Pet Snacks *Milk-Bone* Brand Dog Biscuits continue to be the number one pet snack in the United States. This position has been expanded by *Butcher Bones* Dog Snacks, a new and profitable part of the line. Total *Milk-Bone* tonnage was off in 1984 in a market characterized by aggressive competition.

During the year, real meat was added to *Milk-Bone* Dog Treats, which increased its share of that segment of the pet-snack market. In addition, a new, longer-lasting pet-snack product called *Milk-Bone Extra* was introduced into 20% of the country during the fall of 1984.

Increased productivity savings for our pet snacks will result in 1985 from completion of a major project to enhance our processing and packaging at the Buffalo, New York, pet-food plant.

A Leader in Margarines Nabisco Brands has the largest branded-margarine market share in the United States. We were able to increase our market share still further during 1984 even though the total market was depressed by high commodity prices, reduced home baking in the first half of the year and government butter give-aways.

Fleischmann's Light, our lower-calorie, lower-fat, corn oil spread with reduced salt content, which was introduced in 1983, continues to sell extremely well, contributing to *Fleischmann's* record market share in 1984.

A new product, *Fleischmann's Squeeze* Liquid Margarine, went national early in 1984. During the year, *Blue Bonnet* Butter Blend, a cooking and table spread containing butter, was introduced in test markets with very encouraging results. *Fleischmann's* Corn Oil, a cholesterol-free salad and cooking oil product, is also in test markets.

The spread segment is the fastest growing area of the margarine market. The *Blue Bonnet* Spread line, now available in attractive needlework-design bowls, experienced dramatically increased sales in 1984.

In margarine manufacturing, productivity gains have been achieved through increased use of robotics and processing improvements that ensure consistent product quality.

Fleischmann's Egg Beaters Cholesterol-Free 99% Real Egg Product experienced volume growth as a result of the introduction of *Fleischmann's Egg Beaters With Cheez* in early 1984. It has won the American Health Foundation Product of the Year Award for 1984.

Sugar-Free *Royal* Gelatin Introduced In response to the introduction of sugar-free products, the total gelatin market in the United States expanded for the first time in several years. Market share for our *Royal* Gelatin products in the sugar-based segment of the market increased during the year.

A highlight in early 1985 was the introduction of five flavors of Sugar-Free *Royal* Gelatin with 100% NutraSweet into 30% of the country.

Tempting and popular new *Royal* Instant Pudding flavors introduced in 1984 include chocolate chocolate chip and toasted butter almond. A new no-bake pie, Chocolate Mousse with *Oreo* Cookie Crumb Crust, was added to our successful line of *Royal* No-Bake items.

Other Grocery Items Improved supply situations during the year resulted in increased sales for the *Dromedary* line of dates and pimientos. We expect good growth in 1985 with the improved line of *Dromedary* Cake Mixes.

Food Service The Nabisco Brands Food Service operation expanded the distribution of its broad line of Nabisco Brands products which enhanced its stature with key customers.

Gains for Imported Beers All Brand Importers Division recorded another year of sales gains in 1984 in a thriving imported-beer market stimulated by a number of new competitive entries. Three of the beers we import–*Moosehead* Canadian Beer, *Fosters* Lager Australian Beer and *Dos Equis* Mexican Beer–are among the nation's 10 top-selling imports. All of our major brands reported strong volume gains in 1984.

Yeast Affected by Market Conditions The entire home-baking industry was under pressure in 1984. Despite the early 1984 introduction of new *RapidRise* Yeast, which reduces rising time by 50%, *Fleischmann's* Yeast reported lower sales and earnings. An upturn in home baking began in the fourth quarter of 1984 and we expect continued recovery toward traditional levels in 1985. Our industrial vinegar business, in which we lead the market, had solid results.

NABISCO BRANDS LTD (CANADA)

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$721**	$732	$639	$629	$576
Operating Income	**61**	67	60	58	48

Nabisco Brands Ltd, one of Canada's foremost packaged-food manufacturers, reported lower sales and earnings for 1984 although sales increased in Canadian dollars. The lower results reflect the increased strength of the U.S. dollar, substantial investments in marketing to support new product launches and an intense program of business restructuring to increase operating efficiencies.

The year overall was one of new products, new structure and new presence for Nabisco Brands Ltd. New-product introductions and the continued growth of core products helped maintain Nabisco Brands Ltd leadership positions in the Canadian marketplace.

Stock Offering In August 1984, the Company sold a 20% equity position in Nabisco Brands Ltd. Both Canadian financial institutions and the Canadian public took advantage of the opportunity to invest in Nabisco Brands Ltd, whose stock is now listed on the Montreal and Toronto Stock Exchanges.

Divisions Restructured In a major restructuring, 13 operating divisions were consolidated into six: Christie Brown & Co., Associated Biscuits, Confectionery, Foods, Industrial Products and Wines and Spirits. The lean new structure offers greater flexibility in today's fast-changing markets while ensuring improved overall corporate direction and effective management control of resources.

New Products a Factor in Cookies Christie Brown & Co. produces many of the best-selling brands of cookies and crackers in Canada.

New-product activity in 1984 was highlighted by the introduction of *Mr. Christie's Crisp 'N Chewy* Cookies, a five-variety soft-cookie line that achieved outstanding sales and market share results in an entirely new segment of the cookie market. Regionally launched in February 1984, the products were in national distribution throughout Canada by the end of the year.

It was also a successful year for line extensions, with the introduction of Coconut *Chips Ahoy!* Cookies and a new mint-flavored version of *Oreo* Chocolate Sandwich Cookies. Christie's flagship brands–among them, *Oreo* and *Chips Ahoy!* Cookies and *Ritz* and *Premium Plus* Crackers–continued as market leaders across the country.

The Associated Biscuits' brands of *Dad's*, *David*, and *Peek Freans* were successfully integrated into a single divisional operation and continued to hold solid positions in the competitive biscuit market.

Confectionery Growing During the year, Nabisco Brands Ltd strengthened its position as Canada's only full-line manufacturer and marketer of confectionery products, with promotional emphasis on core brands such as *Oh Henry!* and *Glosette* Candy Bars, *Moirs Pot of Gold* Boxed Chocolates, *Ovation* Chocolate Mintsticks, *Life Savers* Hard-Roll Candies, *Bubble Yum* Bubble Gum and *Planters* Nuts.

New-product activity was intense during the year with the national rollout of *Junior Mints* Candy and the introduction of *Bonkers!* Chewy Candy, *Moirs* Almond Bark, *Ovation* Orangesticks, Candy Coated *Glosette* Peanuts and *Planters Sweet-N-Crunchy* Peanuts.

New products such as *Mr. Christie's Crisp 'N Chewy* Cookies, and traditional products including *Shreddies* Cereal and *Moirs Pot of Gold* Boxed Chocolates helped maintain Nabisco Brands' leadership position in Canada.

Foods Division The Foods Division in Canada sells a wide range of quality consumer products, including baking aids, margarines, pet foods, cereals and desserts. In baking aids, the strong market presence of *Chipits* Chocolate Baking Chips was expanded with the addition of Chocolate Orange *Chipits* and *Chipits* Baking Squares. *Magic* Baking Powder maintained its leading market share by a wide margin.

During the year, the consumer market was especially receptive to the introduction of new *Fleischmann's Quick-Rise* Yeast, an innovative product that cuts rising time in half.

Nabisco Brands Ltd continued as a major marketer of margarines with *Fleischmann's* products in the premium-health segment and *Blue Bonnet* in the intermediate-priced segment of the market. New *Fleischmann's Light,* a calorie-reduced spread, was introduced nationally during 1984.

A strong year in cereals was recorded, led by our core brands *Nabisco* Shredded Wheat, *Nabisco* 100% Bran and *Shreddies*. New products and line extensions introduced to stimulate growth included *Shreddies* and Raisins, *Nabisco* Honey Bran Crunchies and Ready-to-Serve *Cream Of Wheat* in four flavors.

The new-product thrust continued in desserts with the introduction of *Ovation* Chocolate Mint Pudding. *Royal* No-Bake Cheesecake continued to hold a leadership position in its market segment.

In 1984, Nabisco Brands Ltd held its position as the country's largest marketer of quality canned pet foods and pet snacks, with brands such as *Dr. Ballard's*, *Miss Mew* and *Milk-Bone* in the forefront.

The national launch of *Milk-Bone* Dry Dog Food signaled a move into the largest segment of the pet food market: dry dog food. Initial sales results were most favorable.

Nabisco Brands Ltd's U.S. subsidiary, The Hervin Company, produces the popular *Blue Mountain* Canned and Dry Cat and Dog Foods sold in the northwestern United States.

Industrial Products Nabisco Brands Ltd continued to be a major presence in the Canadian food service industry, serving the away-from-home market with a full line of branded Nabisco Brands products as well as both national and regional selections of food service coffees.

Nabisco Brands Ltd also supplies institutional and industrial customers in Canada with a complete range of *Reid* Flours and *Fleischmann's* Baking Yeasts.

Wines and Spirits a Challenge In a challenging market for domestic wines and spirits, strong growth was shown in the light-wine segment through our *Calona* Wines brands of *Tiffany* Premium Light and new *Schloss Laderheim* Light Wine. McGuinness Distillers added *Polar Ice* Vodka and *Cafe Noir* Liqueur to its roster of fine products.

A Look Ahead In 1984, 75 percent of our Canadian sales were generated from product categories in which our brands hold the number one or two position. Buoyed by an exciting array of new products and the ongoing success of established brands, our Canadian operations look forward to a rewarding year in 1985.

With products such as *Walkers* Crisps, Nabisco Brands is the U.K. market leader in snacks, while *Huntley & Palmer* Biscuits and *Jacob's* Crackers help solidify our strong number-two position in the U.K. biscuit market.

INTERNATIONAL NABISCO BRANDS

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$1,582**	$1,631	$1,334	$1,362	$1,378
Operating Income	**141**	152	136	122	115

International Nabisco Brands registered lower sales and operating income for 1984 due principally to the continuing strength of the U.S. dollar. Income before tax, however, increased 11% for the year, reflecting reductions in interest costs and lower foreign exchange losses in Latin America.

UNITED KINGDOM

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$562**	$589	$249	$272	$279
Operating Income	**39**	32	21	20	28

In 1984, we achieved substantial progress improving the profitability of our operations in the United Kingdom. Our margins increased significantly and operating income was up 22%. In local currency terms, operating income grew by 41%. Continued reorganization and rationalization played an important part in achieving these results.

Productivity Gains Continue Consolidation of the separate Biscuit, Cereals and Dry Mix Divisions into a single Grocery Division made possible in 1984 a major staff reduction in the sales organization and, at the same time, improved coverage of the retail trade.

Following action in 1983 to reduce excess productive capacity, operating efficiencies at our major manufacturing locations have materially improved. During 1984, we invested significant funds in capital expenditures. We plan a further major capital program beginning in 1985 with emphasis on new technology to enhance product quality and further improve profit margins.

We have reduced the number of distribution depots as part of our plans to tailor our distribution network to the requirements of our customers for a fast, efficient and modern delivery service.

New Products a Factor in Snacks Significant new snack-product activity in 1984 further strengthened Nabisco Brands' position as the U.K. market leader in snacks. During the year, we accomplished the national roll-out of *Smiths* Crispy Tubes, the expansion of *Smiths* Scampi Fries into 26% of the country, the launch of *Walkers* "Say Cheese" Snacks into test markets and the relaunch of *Smiths* Square Crisps. Distribution of *Walkers* Crisps, which had another banner year, was extended from the Midlands into the south, making this popular quality product available to more of the U.K. population.

Biscuit Products Nabisco Brands' strong number-two position in biscuits in the U.K. is supported by well-known brand names that include *Huntley & Palmer* Biscuits, *Jacob's* Crackers and Countlines, *Nabisco* Crackers and *Peek Freans* Biscuits. *Jacob's Club* and *Trio* Countlines, which are chocolate-covered biscuits, had a particularly good year.

Cereal Market In the branded breakfast cereal market, with our major products *Nabisco* Shredded Wheat and *Shreddies*, we plan to increase our current share through new products and new marketing programs.

Overall, we believe our U.K. business is on a sound footing and the trends are favorable. Significant growth of profitability in dollar terms is anticipated.

Favorite Nabisco Brands products are found throughout Europe, such as *Oro* Biscuits in Italy and *Minizza* Crackers and *Chipster* Snacks in France.

CONTINENTAL EUROPE

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$540**	$549	$533	$551	$626
Operating Income	**39**	49	46	37	40

Due principally to the effect of the strong U.S. dollar, operations in Europe showed a decrease versus 1983 in U.S. dollar sales and income.

A Challenging Year in France Results in France increased for the year in local currency while they were slightly down in dollars. Price controls, cost increases for certain raw materials and increased trade concentration affected results. However, good management and innovation in the market place has helped our French operations overcome many of these challenges.

Nabisco Brands remains the leader of the French snack market with such products as *Minizza* Crackers. In sweet biscuits, our strategy is to improve our current number-three position, building on successful products like *Petits Coeurs* Biscuits and strong positions in chocolate-coated varieties and sweet assortments.

A strong development and diversification area for Nabisco Brands is pastry. The "Freeze Flo" technology, licensed to our French operation, provides a competitive edge in the frozen sector of the pastry market, allowing moist pastry fillings to be eaten shortly after removal from the freezer. This technology and our own sophisticated know-how will provide the foundation for our pursuit of pastry-market leadership in France.

Italian Operations Sales and earnings of Nabisco Brands in Italy were comparable to year-earlier levels. Our operations in Italy market diverse products such as cookies and crackers, snacks, dry mixes, tea and herb tea and aseptically packaged desserts, soft drinks and tomato sauce.

The dry mix and tea markets in Italy are relatively flat, but we have leading share positions with our *Royal* Desserts and *Ati* Teas and will attempt to build vitality in these segments through new-product introductions and continuous aggressive marketing support. In response to greater potential growth in the Italian biscuit market, we are positioned to capitalize on our new third bakery as we move toward eventual market leadership. The new biscuit facility in Capriata d'Orba will become operational in 1985.

Other Operations In Spain, our 1984 results continued to feel the impact of the flood that severely damaged our Bilbao biscuit plant the prior year. This situation will be corrected in 1985 with the opening of a new biscuit plant currently under construction. Our *Royal* line of desserts and baking powder maintained their market leadership position.

Operations in Denmark benefited from the 1983 acquisition of another bakery and recorded strong gains in both sales and earnings for the year.

Although it is one of our smaller operations in Europe, our snack and confectionery business in West Germany is now operating on a sound and profitable basis. This operation offers us opportunities for expansion in what is the Western world's third-largest consumer market.

Early in 1985, the Company sold its wholly-owned Netherlands subsidiary at a price approximating book value.

The Future Nabisco Brands' operations in Europe will continue to place emphasis on the strength of each company, the popularity of our brands and the expansion of snack products throughout the Continent.

Our success in Latin America reflects the inherent market-share strength of our products, principally with the *Royal* and *Fleischmann's* brands.

LATIN AMERICA

(In millions)	**1984**	1983	1982	1981	1980
Sales	**$290**	$298	$374	$378	$333
Operating Income	**53**	58	57	59	42

Despite unfavorable economic conditions in 1984, we turned in a good performance on a local basis in Latin America. This success continues to reflect the inherent strengths of our brands, principally *Royal* and *Fleischmann's*, along with leading market positions and sound management. Sales and operating income, however, were down in U.S. dollars, while income before tax increased.

The much-publicized economic crises in many of the countries in the region continue to depress domestic economies, reducing consumer demand and purchasing power. On the plus side, there has been some modest improvement in these conditions.

Brazilian Operations In Brazil, while operating income was restricted by economic conditions, income before tax was up and we maintained both volume and market-share levels. Our key traditional products under the *Fleischmann's* and *Royal* brands have increased their market shares, while new products are being launched to provide future growth.

In spite of the contraction of demand for specialty milk products, the *Gloria* line of milk products had a good year. Our tea operation was helped by strong export demand. A line of *Nabisco* Biscuits will be test-marketed in Brazil beginning in 1985. The line will be produced by Jupiter, the biscuit company we acquired at the end of 1983. In 1984, capital expenditures at Jupiter were accelerated to prepare for new-product introductions. This line will help us establish a position in one of the world's largest biscuit markets.

We believe our Brazilian business is extremely sound and we are looking for further opportunities to expand.

Expanding into Biscuits We are moving to add biscuit production to our South American operations. During 1984, we acquired two local biscuit companies in Uruguay that hold a combined market leadership position. Our new biscuit plant is nearing completion in Ecuador, where we will be producing a line of *Nabisco* Biscuits.

Other Operations In Venezuela, our grocery and bakery products have shown good improvement, with volume up in biscuits. Operations in Chile and Peru had satisfactory results. In Colombia, we saw what we believe to be a temporary dip in earnings due to the reduced purchasing power of consumers. Improvements in volume and market share at our Argentinean operation has continued.

Successful Changes in Mexico In Mexico, Gamesa, in which we have part ownership, had a very good year. The success included volume and market-share gains as well as substantial profit growth. During the year, significant organizational and management changes were also made.

Central America and the Caribbean Despite unsettled political conditions, we had excellent results in this region with earnings gains reflecting our strong market-share positions. In Puerto Rico, where we have a leading position in biscuits as well as other categories, our earnings were strong.

Nabisco Brands provides a wide range of products in the Asia/Pacific region. Among them are *Chipstar* Potato Chips and *Parfait* Soft Cakes in Japan, *Minties* Candies in New Zealand and *Planters* Nuts in Australia.

A Look Ahead While supporting and expanding traditional product lines throughout Latin America, Nabisco Brands anticipates entering new areas by capitalizing on the strengths of the total Company. We see such opportunities mainly in the categories of biscuits, snacks and nuts.

ASIA/PACIFIC

(In millions)	1984	1983	1982	1981	1980
Sales	**$190**	$195	$178	$161	$140
Operating Income	**10**	13	12	6	5

Our results in the Asia/Pacific area were heavily restricted by competitive pressures and local economic factors.

Competition in Japan Our Japanese joint-venture company, Yamazaki-Nabisco, maintained market shares for sweet cookies, *Ritz* Crackers, and *Chipstar* Potato Chips. Versions of our *Almost Home* Cookies were launched in Japan during the year, a successful illustration of the rapid transfer of a corporate product innovation. Many other new products, including a crepe cake product, were also launched.

The soft-cake market, which Yamazaki-Nabisco had successfully pioneered with its *Parfait* Soft Cakes, suffered a decline as price competition and new-product entries intensified. As a result, Yamazaki-Nabisco lost some market share and saw an erosion of its profit margin in this area.

New Products in Australia In the Australian breakfast-cereal market, we remain in the number-two position, having achieved very good results with our *Purina* Cereal line. Our biscuit market share remains stable in the face of very aggressive price and advertising activity by our main competitors. The *Planters* Nut business reached record levels of market share and profitability. In the biscuit area, we launched a total of 13 new products and varieties. New breakfast cereals were introduced, with emphasis in the high-fiber, nutritional category.

Market-Share Growth in New Zealand The economy of New Zealand continued to deteriorate in 1984, leading to a change in government and a 20% currency devaluation. Nevertheless, the biscuit market grew in real terms and our leading market share increased. There was also some growth in the sugar confectionery market, where our share improved to solidify our leading position.

Other Areas The reorganization and consolidation of local company activities in Singapore has set the stage for further gains in this country. Our Malaysian operations experienced increased sales and earnings in 1984.

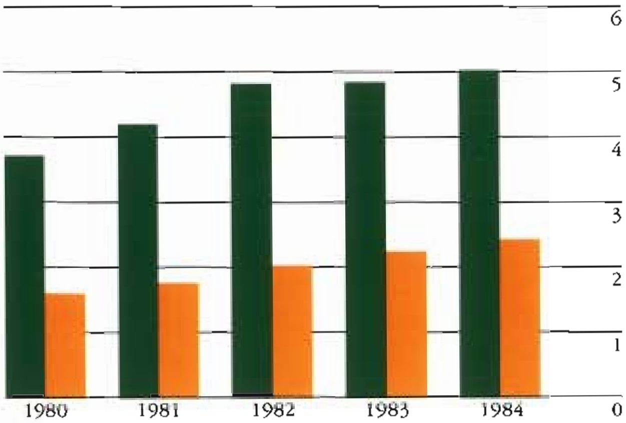
Britannia Industries, the market leader in biscuits, bread and cakes in India, enjoyed another year of increased sales and earnings in local currency. Expansion into new food areas will lay the foundation for additional growth.

Joint Venture in China A significant event in the Asia/Pacific area was the round of discussions aimed at finalizing a joint-venture agreement with the Yili Food Company in Beijing, People's Republic of China, to build a biscuit plant. The new facility would produce *Ritz* Crackers and other popular Nabisco products both for the Chinese home market and for export. We are also pursuing the possibility of entry into other Asian countries that have a strong potential.

FIVE-YEAR TRENDS

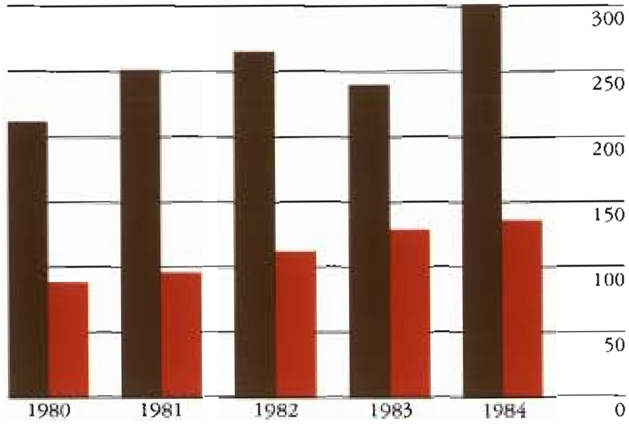
Net Income and Dividends Per Common Share (Dollars)

■ Net Income ■ Dividends

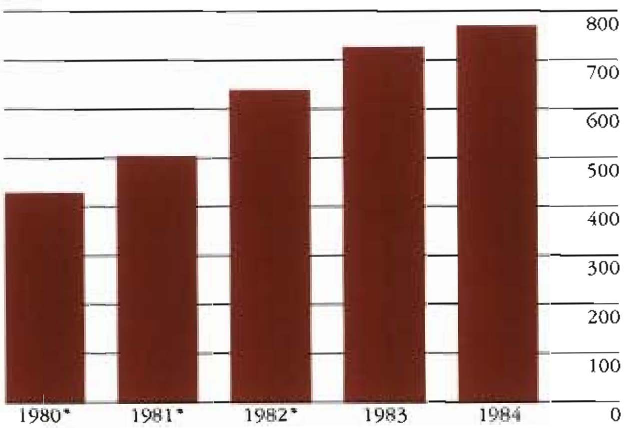


Capital Expenditures and Depreciation
(Millions of dollars)

■ Capital Expenditures ■ Depreciation

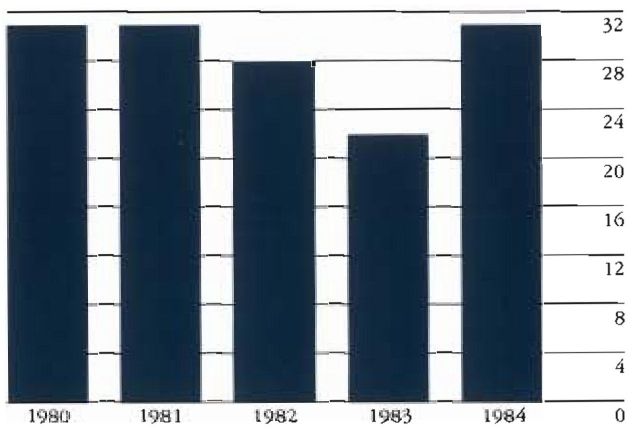


Advertising and Promotion Expenditures
(Millions of dollars)



*Excludes operations divested or leased

Long-Term Debt to Capitalization (Percent)



1984 Operations Compared with 1983 Operations

For the year 1984, record net sales were $6.3 billion, 4% above year-earlier levels. Net income was $308.9 million as compared with $322.6 million in the 1983 period. Earnings per share were $5.02 versus $4.86 in the comparable period a year ago. The average shares outstanding decreased by 7% in 1984 from the year-earlier level, due to the Company's stock purchase programs.

In 1984, sales of U.S. Biscuit Products rose sharply to $1.8 billion, an increase of 16%, due to the growth of our strong brand franchises, including *Oreo* and *Chips Ahoy!* Cookies, *Ritz* Crackers and *Premium* Saltines, as well as the national introduction of *Almost Home* and *Chewy Chips Ahoy!* Cookies. Substantial increases in marketing, advertising and promotion expenditures resulted in lower operating earnings for the year.

U.S. Confectionery & Snack Products registered sales and operating income gains of 5% and 6%, respectively, over year-earlier levels. Strong volumes were attained by *Life Savers* Hard-Roll Candy, *Care*Free* Sugarless Gum and *Baby Ruth* and *Butterfinger* Candy Bars. Sales of *Planters* Nuts and Snacks were comparable to 1983 levels, while earnings were reduced, reflecting a highly competitive environment.

U.S. Grocery Products reported slightly higher sales and operating income than in the prior year. Ready-to-eat cereals showed higher sales volumes and contributed to earnings improvements. *Blue Bonnet* and *Fleischmann's* Margarines gained market share, increasing their industry leadership position. The *Fleischmann's* Yeast business reported lower results for the year, reflecting a decline in the home-baking market in the first half of the year. All Brand Importers, whose leading product is *Moosehead* Beer, had record sales and higher earnings in 1984.

The Company's businesses in Canada recorded lower sales and earnings in 1984, although sales increased in Canadian dollar terms. These results reflect the adverse effect of the strong U.S. dollar and heavy promotional expenditures supporting newly introduced product lines, the most significant of which were *Mr. Christie's Crisp 'N Chewy* Cookies, *Shreddies & Raisins* Cereals and *Fleischmann's Quick-Rise* Yeast.

Sales from International Operations totaled $1.6 billion. These results trailed the prior-year record by 3%, principally due to the strengthening of the U.S. dollar. Strong sales improvements were achieved in local currencies, reflecting significant unit-volume gains. While operating income did not match the prior-year level, earnings before income taxes increased 11%, due to reductions in interest costs and lower foreign exchange losses. United Kingdom operating income increased 22%, as margins improved due to plant rationalizations and modernization of manufacturing facilities. In Continental Europe, dollar sales were comparable to 1983 levels, although local-currency operations improved in France, Italy, Denmark and Germany. In Latin America, sales and operating income were lower than prior-year levels due to adverse economic conditions and price controls in many countries. However, operations in Brazil, the Company's largest in this area, achieved record earnings. In the Asia/Pacific area, the Australian Company had a good year as a result of strong volume growth in cereals and *Planters* products. In local currency, operations in India recorded strong gains in sales and earnings.

Interest expense of $77.0 million approximated the 1983 level.

Miscellaneous (income) expense, net, totalled $27.0 million of income in 1984 as compared to $14.8 million of income in 1983. Foreign exchange losses, net of taxes, were $9.2 million in 1984 and $23.8 million in 1983.

The 1984 results included nonrecurring, after-tax gains of $15 million on sale to the public of 20% of the stock in the Company's Canadian operations, $6 million on the sale of the Canadian *Chase & Sanborn* trademarks, and $6 million resulting from the Company's reinvesting certain U.S. pension fund assets into a dedicated bond fund and revising certain actuarial assumptions. All of these gains were offset by provisions of $29 million, after tax, to realign operational facilities in both Canada and the United States and to consolidate the U.S. administrative and research operations.

The effective tax rate was 41.6% in 1984 compared to 43.0% last year. The lower 1984 rate primarily reflects the utilization of tax credits, which offset taxes with respect to the sale of stock in the Canadian operations.

1983 Operations Compared with 1982 Operations

The Company's net sales in 1983 were $6.0 billion, a 2% increase over 1982's net sales, including operations divested. Operating income increased 9% to $628.1 million. The increased 1983 results reflect the operations of Huntley & Palmer Foods, a United Kingdom-based company acquired at the end of 1982, partly offset by the adverse impact of the continuing strength of the U.S. dollar on international sales and the absence of revenues from operations sold or leased in 1982. Net sales of such divested operations in 1982 amounted to $407.7 million.

In 1983, operating profits of U.S. Biscuit Products climbed to $209 million while sales increased 6% to $1.5 billion. Despite pressures from both traditional and new competitors, Nabisco Brands cookies and crackers maintained their leading market positions. Cookies were especially strong, led by *Chips Ahoy!* Chocolate Chip Cookies and *Oreo*

Chocolate Sandwich Cookies and such new products as *Chips 'N More* Cookies and *Apple Newtons*. *Almost Home* Cookies were successfully launched into introductory markets. Good sales increases were also recorded by *Ritz* and Cheese *Ritz* Crackers, *Waverly* Crackers and *Better Cheddar* Crackers. Productivity gains from major modernization programs contributed to the earnings improvement.

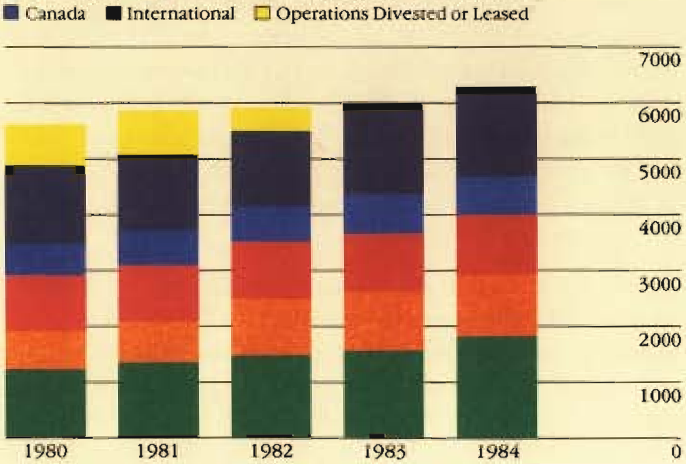
U.S. Confectionery & Snack Products reported a strong operating income gain of 22%, with sales up 3% from year-earlier levels. Excellent sales gains were reported by *Care*Free* Sugarless Gum, *Breath Savers* Sugarless Candy, *Bubble Yum* Bubble Gum and *Planters* Nuts and Snacks. Cost reductions, as well as production and distribution efficiencies, contributed to the earnings improvement.

U.S. Grocery Products showed a gain of 7% in operating income in 1983. Sales were $1.0 billion. During 1983, many new products were successfully introduced, including *Toasted Wheat & Raisins* Cereal and *Home Hearth* Yeast Bread Mix. *Fleischmann's Light* Spread achieved national distribution. Good results were turned in by *Milk-Bone* Pet Snacks, *Cream Of Wheat* Hot Cereals, *Fleischmann's* Margarines and *Fleischmann's* Consumer Yeast and Vinegar operations.

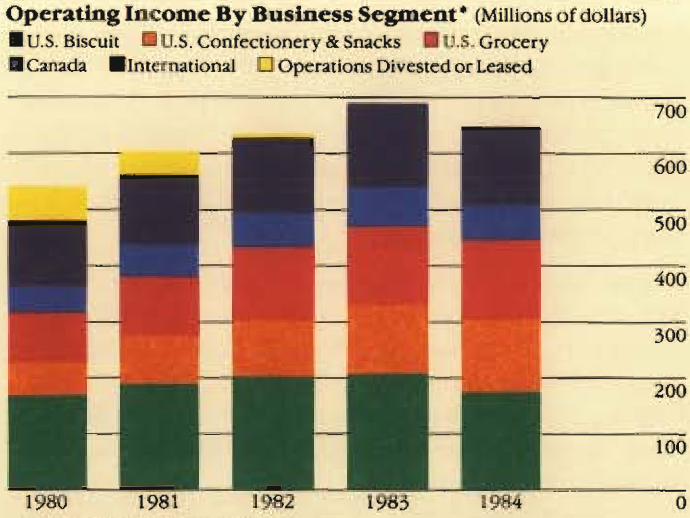
The Company's businesses in Canada recorded a sales increase of 15% and an earnings gain of 12% in 1983 compared to the prior year. Significant new-product introductions, coupled with increased marketing activity and cost-reduction programs, contributed to the year's earnings growth. Associated Biscuits, Huntley & Palmer's business in Canada, was included in the 1983 results for the first time.

International Operations recorded a sales gain of 22% and an earnings gain of 12% for 1983 despite the continuing strength of the U.S. dollar. In Continental Europe, both the French and Italian companies had an excellent year. The success of new products contributed significantly to this performance. The year 1983 was one of consolidation in the United Kingdom as the newly acquired Huntley & Palmer operations were combined with those of existing units. Huntley & Palmer more than met expectations, showing marked improvement as the year progressed. In Latin America, profits increased in a difficult operating environment. Brazil, the Company's largest operation in that region, posted record earnings. In the Asia/Pacific area, the New Zealand company made excellent progress, as did the Company's 50%-owned affiliate in Japan.

Net Sales By Business Segment (Millions of dollars)



Operating Income By Business Segment* (Millions of dollars)



*Before unallocated Corporate expenses

Interest expense declined by $13.1 million to $76.8 million in 1983 as a result of borrowings at reduced interest rates and the early retirement of certain long-term debt.

Miscellaneous (income) expense, net, amounted to $14.8 million of income in 1983 compared with $39.1 million of income in 1982. The absence of the net, nonrecurring gain from operations sold, as well as gains from other product line disposals in 1982, more than offset higher interest income and gains on retirement of certain long-term debt in 1983. Foreign exchange adjustments, net of taxes, reduced income by $23.8 million in 1983 and $24.2 million in 1982.

The effective tax rate was 43.0% in 1983 compared with 39.8% in 1982. The lower 1982 rate was attributable to tax benefits on businesses sold and the higher level of U.S. investment tax credits in that year.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate sufficient cash to meet its operating needs such as payroll, materials and services, as well as capital expenditures, debt repayments and dividends to shareholders. In 1984, funds

provided from operations were $494.9 million, compared to $522.9 million in 1983. The 1984 amount exceeded requirements for capital expenditures and dividend payments by $39.9 million. Barring the occurrence of any unusual events, management believes that internally-generated funds will be more than adequate to fund continuing operating requirements in the foreseeable future. Moreover, management believes that the Company will be able to fund a dividend payout ratio approximating current levels.

During 1984, the Company purchased 6.1 million shares of its common stock for $286 million. These purchases were financed primarily through the issuance of long-term debt. In addition to scheduled debt repayments, the Company prepaid certain portions of long-term debt aggregating $122 million.

The Company continues to consider investment opportunities, such as acquisitions and joint ventures, which might have a potential effect on the Company's future liquidity. Such investments could be financed through a combination of debt or equity offerings, use of available cash and short-term investment funds, or the exercise of any of the Company's substantial unused lines of credit. At year end 1984, the percent of long-term debt to total capital was 31% compared to 22% at the end of 1983.

The Company continues to be exposed to foreign currency exchange rate risks in its international operations. On an overall basis, this risk is reduced since the Company operates in many foreign countries and employs various financing strategies to help negate any adverse effects of foreign currency exchange rate fluctuations. The ability of these international operations to generate local profits and cash flows is primarily dependent upon local economic factors. The ability to repatriate funds to the U.S. is dependent upon local governmental control over foreign exchange.

In 1984, capital expenditures were $302.8 million, an increase of $61.9 million over the 1983 level of $240.9 million. These expenditures were made in order to achieve stated productivity goals, build new production and research facilities and equip existing facilities with the latest technology. The funds utilized in these improvements were generated primarily from operations. The Company had commitments for property, plant and equipment that approximated $110 million at December 31, 1984.

Management expects to invest increasing amounts of capital resources in the future to expand and improve the Company's manufacturing and distribution facilities. It is anticipated that capital expenditures will exceed $300 million in 1985. The Company expects to meet these requirements primarily through the use of internally-generated funds.

Stock Market Prices and Dividends

The principal market for the Company's common stock is the New York Stock Exchange. The quarterly high and low prices of Nabisco Brands, Inc., common stock were as follows:

1984	High	Low
First quarter	$46	$40½
Second quarter	46¾	38½
Third quarter	50	43⅝
Fourth quarter	54	47⅞
1983		
First quarter	$38⅞	$33½
Second quarter	39½	33⅝
Third quarter	40⅝	34⅝
Fourth quarter	44⅝	39½

The Company declared a common dividend of 62¢ per share in each of the 1984 quarters, an annualized rate of $2.48 per share. The Company declared a common dividend of 57¢ in each of the 1983 quarters, an annualized rate of $2.28 per share. The Company declared a common dividend of 67¢ per share in the first quarter of 1985, payable April 10, 1985. This represents a new annualized rate of $2.68 per share.

Total dividends declared on common stock in 1984 were $152.4 million, compared with $150.5 million in 1983. Preferred dividends were paid at the quarterly rate of 87½¢ per share on the $3.50 cumulative preferred stock during 1984 and 1983 for an aggregate of $.1 million in 1984 and $.2 million in 1983. The approximate number of common shareholders of record at December 31, 1984, was 80,750.

Interim Results (Unaudited)

The following is a summary of the interim results of operations for the years ended December 31, 1984 and 1983:

(In millions, except per share data)

1984	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,438.1	$1,528.0	$1,565.6	$1,721.4
Gross profit	521.3	554.1	573.3	664.9
Net income	56.2	63.0	82.5	107.2
Net income per common share	.88	1.00	1.35	1.79
1983				
Net sales	$1,387.6	$1,456.6	$1,471.8	$1,669.2
Gross profit	507.9	559.0	556.4	632.0
Net income	59.3	77.2	85.2	100.9
Net income per common share	.86	1.14	1.30	1.56

Supplementary Information on the Effects of Inflation (Unaudited)

General Background–The Company's historical cost financial statements are not intended to measure the effects of changing prices or relative economic value in an inflationary environment. The Company provides estimates of the impact of inflation on its operations in accordance with SFAS No. 33, "Financial Reporting and Changing Prices," as amended.

The accompanying supplementary information presents current cost information on the effects of inflation computed by measuring the specific price changes that occurred in the resources the Company uses. To compute the current cost of Property, plant and equipment and related depreciation expense, current appraisal values or industrial indices for buildings, machinery and equipment were utilized and applied to historical costs based on the dates these assets were acquired. The historical Cost of sales, exclusive of depreciation, was adjusted to compensate for price changes during the inventory holding and production periods by developing internal price indices. Inventories were restated using similar methods based on latest available costs to produce or purchase them at the respective measurement dates. Such assets in foreign currency financial statements were adjusted to reflect current values and then translated from the functional currency, generally the local currency of each country, into U.S. dollars at current exchange rates. Adjustments to current cost information to reflect the effects of general inflation are based on the U.S. Consumer Price Index/Urban.

Management's Overview–For the year ended December 31, 1984, reported Net income would be reduced by 34% when restated for changes in specific prices. This decrease is due in part to increased depreciation of $67.1 million, due to the higher property values, and increased Cost of sales of $38.5 million, resulting from the higher costs to manufacture and sell products during inflationary times. The assumptions underlying these increases in depreciation and Cost of sales are not necessarily valid because management would ordinarily replace existing assets with those of improved technology instead of replacing existing fixed assets with identical assets at higher prices as reflected by changes in the specific price indices used. Additionally, higher Cost of sales resulting from higher inventory costs may be recovered through higher selling prices.

The gain of $40.9 million from decline in purchasing power of net monetary liabilities results from the assumed repayment of monetary liabilities with dollars of lesser value due to the effects of inflation.

The excess of increase in general price level over change in specific prices results from the fact that the costs of acquiring the Company's Inventories and Property, plant and equipment do not necessarily follow the same inflationary pattern as overall consumer prices. For example, specific commodity prices may not move in the same relationship as consumer prices.

The foreign currency translation adjustment results from the decline in exchange rates on the current cost amounts of net assets. The $82.7 million indicated that, on an overall basis, the U.S. dollar strengthened against the currencies in other countries in which Nabisco Brands operates.

Consolidated Statement of Income Adjusted For the Effects of Changing Prices

	Year Ended December 31, 1984	
(In millions, except per share data)	Historical Basis	Adjusted for Changes in Specific Prices (Current Cost)
Net sales	$6,253.1	$6,253.1
Cost of sales	3,860.4	3,898.9
Depreciation expense	137.9	205.0
Other expenses	1,648.8	1,648.8
Interest expense	77.0	77.0
Provision for income taxes	220.1	220.1
Net income	$ 308.9	$ 203.3
Net income per common share	$5.02	$3.31
Gain from decline in purchasing power of net monetary liabilities		$40.9
Decrease in specific prices of inventories and property, plant and equipment held during the year[1]		$ (20.2)
Less effect of increase in general price level		116.2
Excess of increase in general price level over changes in specific prices		$(136.4)
Foreign currency translation adjustment		$(82.7)

[1]At December 31, 1984, the current cost of Inventory was $768.3 million and the current cost of Property, plant and equipment, net of accumulated depreciation, was $2,194.9 million.

Five-Year Comparison–This schedule includes a five-year comparison of selected items as reported in the primary financial statements, together with corresponding amounts adjusted for the effects of inflation, expressed in terms of average 1984 dollars.

Historical net sales of ongoing businesses show a compound annual growth rate of 8%, while inflation-adjusted sales indicate a slight increase.

During the five-year period, the Company increased common dividends every year. In real terms, this has enabled shareholders to more than maintain their purchasing power. At the same time, the Company has been able to accumulate funds to pursue an active program of capital expenditures to modernize and upgrade facilities and to make acquisitions for future growth.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted For the Effects of Changing Prices

(Dollars in millions, except per share data)	1984	1983	1982	1981	1980
Net sales–Total					
Historical cost	**$6,253.1**	$5,985.2	$5,871.1	$5,819.2	$5,587.2
Constant dollar	**6,253.1**	6,239.9	6,317.9	6,648.4	7,042.9
Net sales–Ongoing businesses					
Historical cost	**$6,253.1**	$5,985.2	$5,463.4	$5,049.7	$4,848.8
Constant dollar	**6,253.1**	6,239.9	5,879.2	5,769.2	6,112.1
Net income					
Historical cost	**$308.9**	$322.6	$314.7	$266.3	$234.8
Current cost	**203.3**	238.4	264.8	163.7	119.7
Net income per common share					
Historical cost	**$5.02**	$4.86	$4.83	$4.21	$3.73
Current cost	**3.31**	3.60	4.07	2.59	1.90
Net assets at year end					
Historical cost	**$1,544.2**	$1,710.8	$1,835.9	$1,522.8	$1,344.1
Current cost	**2,164.8**	2,488.0	2,751.5	2,689.3	2,577.8
Excess of increase in general price level over changes in specific prices	**$(136.4)**	$(82.3)	$(205.0)	$(45.8)	$(115.1)
Gain on net monetary liabilities	**$40.9**	$35.9	$42.8	$92.5	$120.5
Cash dividends declared per common share					
Historical cost	**$2.48**	$2.28	$2.05	$1.77	$1.60
Constant dollar	**2.48**	2.38	2.21	2.02	2.02
Market price per common share at year end					
Historical cost	**$51.25**	$41.00	$36.75	$31.00	
Constant dollar	**50.54**	42.03	39.10	34.26	
Average consumer price index (1967=100)	**311.1**	298.4	289.1	272.3	246.8

General Conclusions–Although the current cost approach used in adjusting historical amounts for inflation involves the use of estimates and assumptions that might render the results misleading, it is our opinion that this method provides a general indication of the effects of changing prices on the Company's cash flow and capital base.

To minimize the impact of inflationary cost pressures, it has been and will continue to be the Company's practice to maintain margins through improved production and distribution efficiencies, economies of scale and, as a last resort, to pass inflationary cost increases along to the consumer in the form of higher prices.

The most glaring revelation made by these disclosures points to the fact that changes in taxation laws concerning depreciation, like the Economic Recovery Tax Act of 1981, are needed to mitigate the impact of inflation on the capital formation process. It is apparent that, when historical income tax expense is applied against income restated for the effects of changes in specific prices, effective tax rates soar. The effect of inflation is not deductible for tax purposes in the U.S. and results in the shrinking of corporate profits available for capital formation. In the opinion of management, this continues to be one of the major causes of the lack of growth in productivity in the U.S.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Nabisco Brands, Inc., is responsible for the preparation, integrity and accuracy of its financial statements as well as all other information included in the Annual Report. The statements have been prepared in conformity with generally accepted accounting principles using management's best estimates and judgments, where appropriate.

The system of internal control of Nabisco Brands, Inc., and its subsidiaries is designed to provide reasonable assurance that the books and records accurately reflect the transactions of the Company and that established policies and procedures are followed. This system is augmented by written policies and guidelines, a strong program of internal audit and the careful selection and training of qualified personnel.

Coopers & Lybrand, independent certified public accountants, have made an examination of the financial statements in accordance with generally accepted auditing standards that included tests of transactions and selective tests of internal accounting controls. The Audit Committee of the Board of Directors, consisting solely of nonemployee directors, meets regularly with the internal and independent auditors and management–both jointly and separately–to review accounting, auditing and financial reporting matters. Both the internal and independent auditors have direct access to the Audit Committee.

Ross Johnson

F. Ross Johnson
Vice Chairman of the Board
and Chief Executive Officer

E. J. Robinson

Edward J. Robinson
Senior Vice President
and Controller

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Nabisco Brands, Inc.:

We have examined the consolidated balance sheet of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1984 and 1983, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years ended December 31, 1984, 1983 and 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1984 and 1983, and the consolidated results of their operations and changes in their financial position for the years ended December 31, 1984, 1983 and 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

80 Park Plaza
Newark, N.J. 07102
January 28, 1985

Coopers & Lybrand

CONSOLIDATED STATEMENT OF INCOME

NABISCO BRANDS

(In millions, except per share data)	Year Ended December 31 1984	1983	1982
Net sales	$6,253.1	$5,985.2	$5,871.1
Cost of sales	3,939.5	3,729.9	3,700.2
Gross profit	2,313.6	2,255.3	2,170.9
Selling, general and administrative expenses	1,734.6	1,627.2	1,597.0
Operating income	579.0	628.1	573.9
Interest expense	77.0	76.8	89.9
Miscellaneous (income) expense, net	(27.0)	(14.8)	(39.1)
Income before income taxes	529.0	566.1	523.1
Income taxes			
Current			
United States	86.1	90.3	75.6
Foreign	75.1	78.5	74.6
State and local	19.0	12.6	19.6
Deferred	39.9	62.1	38.6
Total income taxes	220.1	243.5	208.4
Net income	$ 308.9	$ 322.6	$ 314.7
Net income per common share	$5.02	$4.86	$4.83
Dividends declared per common share	$2.48	$2.28	$2.05
Average common shares outstanding (000)	61,486	66,310	65,026

See Notes to Consolidated Financial Statements on pages 40 through 45.

CONSOLIDATED BALANCE SHEET

ASSETS (In millions)	December 31 1984	1983
Current assets		
Cash	$ 33.9	$ 34.7
Short-term investments, at cost which approximates market	233.8	216.1
Accounts receivable, net of allowances	603.8	620.6
Inventories	765.5	766.3
Prepaid expenses	28.7	25.0
Total current assets	1,665.7	1,662.7
Property, plant and equipment		
Land	43.8	41.3
Buildings	629.6	581.8
Machinery and equipment	1,785.8	1,752.5
	2,459.2	2,375.6
Less, accumulated depreciation	912.7	867.5
Property, plant and equipment, net	1,546.5	1,508.1
Other assets	215.5	133.7
Goodwill and other intangibles, net of amortization	333.5	321.0
Total assets	$3,761.2	$3,625.5

See Notes to Consolidated Financial Statements on pages 40 through 45.

LIABILITIES (In millions)	December 31 1984	1983
Current liabilities		
Short-term borrowings	$ 26.9	$ 39.0
Current maturities of long-term debt	33.3	42.2
Accounts payable	397.1	370.5
Accrued liabilities	487.5	514.6
Dividend payable	39.0	38.7
Income taxes payable	53.5	73.6
Total current liabilities	1,037.3	1,078.6
Long-term debt	681.9	482.0
Other liabilities and minority interests	205.4	110.2
Deferred income taxes	292.4	243.9
SHAREHOLDERS' EQUITY		
Common stock, par value $2.00, shares authorized 200,000,000	139.2	139.2
Preferred stock, redemption value $100	2.1	2.2
Additional paid-in capital	277.2	275.6
Retained earnings	1,836.6	1,680.2
Cumulative translation adjustments	(215.0)	(151.4)
Treasury stock, at cost	(495.9)	(235.0)
Total shareholders' equity	1,544.2	1,710.8
Total liabilities and shareholders' equity	$3,761.2	$3,625.5

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(In millions)	1984	Year Ended December 31 1983	1982
Funds from operations			
Net income	$308.9	$322.6	$314.7
Charges (credits) to income not affecting funds from operations:			
Depreciation and amortization	146.1	138.2	119.9
Deferred income taxes	39.9	62.1	38.6
Net gain on operations divested	–	–	(27.4)
Total funds from operations	494.9	522.9	445.8
Funds from (used for) nonfinancing activities			
Decrease (increase) in working capital, excluding cash, short-term investments and short-term debt:			
Accounts receivable	16.8	(30.1)	5.9
Inventories	.8	66.8	90.2
Prepaid expenses	(3.7)	9.4	(8.4)
Accounts payable and accrued liabilities	(.5)	15.7	(19.2)
Income taxes payable	(20.1)	14.0	(27.2)
Subtotal	(6.7)	75.8	41.3
Disposals of property, plant and equipment	80.0	39.8	19.9
Effect of exchange rate changes on working capital	(42.9)	(41.1)	(30.4)
Capital expenditures	(302.8)	(240.9)	(266.6)
Cash dividends paid	(152.2)	(148.0)	(127.7)
Businesses acquired, excluding cash and short-term investments	(71.8)	(7.9)	(162.2)
Proceeds from operations divested	–	–	201.1
Other sources, net	27.5	10.8	25.2
Total funds available before financing activities	26.0	211.4	146.4
Funds from (used for) financing activities			
Additions to long-term debt	366.1	23.9	24.5
Reductions in long-term debt	(164.4)	(239.4)	(53.8)
Short-term borrowings	(12.1)	(19.0)	(44.6)
Common stock issued	26.2	38.5	225.3
Common and preferred stock acquired	(285.6)	(276.2)	(.9)
Proceeds from sale of Nabisco Brands Ltd (Canada) stock	60.7	–	–
Realization of (investment in) tax lease benefits, net	–	16.4	(15.3)
Funds from (used for) financing activities	(9.1)	(455.8)	135.2
Increase (decrease) in cash and short-term investments	$ 16.9	$(244.4)	$281.6

See Notes to Consolidated Financial Statements on pages 40 through 45.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

NABISCO BRANDS

(Shares in thousands) (Dollars in millions)	Common Stock: Issued *Shares*	Common Stock: Issued Amount	Common Stock: Treasury Stock *Shares*	Common Stock: Treasury Stock Amount	\$3.50 Cumulative Preferred *Shares*	\$3.50 Cumulative Preferred Amount	Additional Paid-in Capital	Cumulative Translation Adjustments	Retained Earnings
Balance, December 31, 1981	*63,103*	\$126.2	*(5)*	\$ (.1)	*120*	\$12.0	\$ 57.2		\$1,327.5
Cumulative translation adjustments at beginning of year								\$ (38.5)	
Net income									314.7
Dividends declared									(133.9)
Issued in connection with:									
Employee benefit plans	*339*	.7					10.0		
Dividend Reinvestment and Stock Purchase Plan	*316*	.6					10.0		
Acquisitions	*2,825*	5.6	*20*	.7			105.4		
New offering	*3,000*	6.0					86.3		
Translation adjustments								(53.6)	
Treasury stock acquired			*(25)*	(.9)					
Balance, December 31, 1982	*69,583*	139.1	*(10)*	(.3)	*120*	12.0	268.9	(92.1)	1,508.3
Net income									322.6
Dividends declared									(150.7)
Issued in connection with:									
Employee benefit plans	*58*	.1	*189*	7.1			1.5		
Dividend Reinvestment and Stock Purchase Plan	*3*	–	*760*	28.0			.6		
Purchase of minority interest			*42*	1.5					
1982 acquisition adjustment	*(11)*	–					(.3)		
Translation adjustments								(59.3)	
Treasury stock acquired			*(7,128)*	(271.3)					
Stock acquired and retired					*(98)*	(9.8)	4.9		
Balance, December 31, 1983	*69,633*	139.2	*(6,147)*	(235.0)	*22*	2.2	275.6	(151.4)	1,680.2
Net income									308.9
Dividends declared									(152.5)
Issued in connection with:									
Employee benefit plans			*82*	3.2			(.1)		
Dividend Reinvestment and Stock Purchase Plan			*541*	21.4			1.7		
Translation adjustments								(63.6)	
Treasury stock acquired			*(6,125)*	(285.5)					
Stock acquired and retired					*(1)*	(.1)	–		
Balance, December 31, 1984	***69,633***	**\$139.2**	***(11,649)***	**\$(495.9)**	***21***	**\$2.1**	**\$277.2**	**\$(215.0)**	**\$1,836.6**

See Notes to Consolidated Financial Statements on pages 40 through 45.

Summary of significant accounting policies

Consolidation–The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Investments in 20%-to 50%-owned affiliates in which management has the ability to exercise significant influence are included using the equity method of accounting. The Company's share of results of operations from these affiliates is recorded in Miscellaneous (income) expense, net. Other investments in affiliates are carried at cost. All significant intercompany accounts and transactions have been eliminated. The financial statements of international subsidiaries, except Canada, are included on the basis of a November 30 fiscal year, to facilitate prompt reporting of year-end consolidated results.

Inventories are valued principally at the lower of average cost or market.

Commodity futures–The Company, in the normal course of business, regularly projects its raw materials requirements. Due to wide fluctuations in the market prices for various agricultural commodities, the Company frequently enters into futures contracts to hedge the price risk associated with anticipated purchases. The Company accounts for changes in the market value of futures contracts as an addition to or reduction from the raw material inventory cost. Market value changes are recorded in Cost of sales when the related finished products are sold.

Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation expense is generally provided on a straight-line basis, using estimated useful lives of 20 to 40 years for Buildings and 3 to 20 years for Machinery and equipment.

Expenditures that result in the enhancement of the assets involved are capitalized. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Facilities leased under capital leases are recorded in Property, plant and equipment, with corresponding obligations carried in Short- and Long-term debt. The amount capitalized is the lower of the present value of minimum lease payments or the fair value of the leased property. Depreciation on capital leases is recorded on a straight-line basis, generally over the lease term.

Goodwill and other intangibles, net of amortization–Intangible assets acquired after October 31, 1970, are amortized on a straight-line basis over periods not exceeding 40 years. Most intangibles acquired prior to October 31, 1970, are not being amortized since the Company believes there has been no diminution in the value of these assets. As of December 31, 1984 and 1983, $303 million and $270 million, respectively, of intangibles were being amortized.

Income taxes–Deferred income taxes, principally U.S. Federal taxes, are provided for timing differences between financial and taxable income. Such differences result primarily from the use of accelerated cost recovery methods for tax purposes, which provide more depreciation expense in the early years than in the later years of the lives of the assets being depreciated. The U.S. investment tax credit, earned on qualified capital additions, is accounted for by the flow-through method, which reduces income tax expense in the year the additions are placed in service.

U.S. Federal taxes are provided on undistributed earnings of foreign subsidiaries that are not considered indefinitely reinvested. If the reinvested foreign earnings were remitted, it is expected that the amount of U.S. Federal taxes required would not be significant because of the availability of foreign tax credits.

Foreign currency translation–At the beginning of 1982, the Company adopted SFAS No. 52, "Foreign Currency Translation," for translating its foreign currency financial statements. Under the provisions of SFAS No. 52, assets and liabilities of foreign operations are generally translated at the current exchange rate at the balance sheet date, rather than at current and historical rates. The related translation adjustments are reported as a separate component of Shareholders' equity and are not included in net income until an operation is sold or liquidated. For operations in highly inflationary countries, the related foreign translation adjustments are included in net income.

Business acquisitions–In October 1984, the Company purchased a 20% interest in Entertainment and Sports Programming Network, Inc. (ESPN), a major U.S. cable television network, for $60 million cash.

In December 1982, the Company completed the acquisition of Huntley & Palmer Foods, a major United Kingdom manufacturer of cookies, crackers and snack products, for $159 million in cash and stock. This acquisition has been accounted for using the purchase method of accounting and is included in the consolidated financial statements from the date of acquisition. This acquisition was not material to the consolidated results of operations.

Business dispositions–During the third quarter of 1984, the Company sold 20% of the stock of Nabisco Brands Ltd, its Canadian operating company, in a public offering in Canada. The sale resulted in an after-tax gain of $15 million.

During the fourth quarter of 1982, the Company sold The J.B. Williams Company, Inc., (toiletries and pharmaceuticals), Julius Wile Sons & Co. Inc., (U.S. wine and spirits) along with a minority interest in All Brand Importers, Inc., (imported beer business) and Hygiene Industries and Everlon Fabrics (household accessories businesses) for an aggregate of $255 million in cash and long-term receivables. These 1982 sales resulted in a net, nonrecurring gain of $27.4 million, after a tax credit of $8.5 million.

Additionally, during the last three years, the Company acquired and disposed of a number of other businesses. The combined sales and operating income of all of these businesses were not material to the Company's consolidated financial statements.

In early 1985, the Company sold its wholly-owned Netherlands subsidiary, Van Nelle B.V., at a price approximating book value. Van Nelle's principal product lines are coffee, shag tobacco and chocolates.

Operation leased–In June 1982, the Company entered into a net operating lease whereby the Company leased its corn wet-milling facilities located at Clinton, Iowa, and Montezuma, New York, to Archer-Daniels-Midland Company (ADM). The lease term is for 13 years, subject to certain purchase, sale and renewal options beginning after the sixth year. The lessee is responsible for all operating costs for these facilities over the lease term. The terms of the lease are such that it is anticipated there will be no material impact on the Company's earnings over the life of the lease. Refer to the Litigation note for a discussion of the Department of Justice suit filed against the Company and ADM to rescind the lease.

As of December 31, 1984 and 1983, Property, plant and equipment, net, includes approximately $171 million and $185 million, net of $155 million and $141 million of accumulated depreciation, respectively, related to the leased corn wet-milling facilities.

Short-term investments consist principally of time deposits, certificates of deposit, money market funds and various government securities.

Inventories consist of the following:

	December 31	
(In millions)	1984	1983
Finished products	$323.7	$325.7
Products in process	43.4	51.9
Raw materials and supplies	398.4	388.7
Total	$765.5	$766.3

Other assets consist of deferred charges, investments in and advances to unconsolidated affiliates and non-current receivables related to the sales of certain businesses.

Short-term borrowings–The Company has $120 million in bank lines of credit in the U.S. and Canada, providing it with future domestic and international credit availability and support for the issuance of commercial paper. Worldwide unused lines of credit, including the above, amounted to $210 million at year end. Short-term borrowings at December 31, 1984 and 1983, consist principally of bank loans of international subsidiaries, and at December 31, 1983, also include domestic commercial paper. The interest rates shown in the table below reflect the high rates in the highly inflationary countries of Latin America in which the Company operates. Other information follows:

(Dollars in millions)	1984	1983	1982
Average amount outstanding during the year (based on daily amounts)	$103.2	$71.7	$60.8
Weighted-average interest rate during the year (based on actual interest and related average borrowings)	15.4%	14.5%	19.9%
Maximum amount outstanding at any month end	$133.4	$95.8	$101.8
Weighted-average interest rate at December 31	26.5%	19.0%	19.3%

Accrued liabilities consist of the following:

(In millions)	December 31 1984	1983
Payrolls	**$128.2**	$122.7
Advertising and promotion	**93.7**	74.9
Unredeemed coupons	**45.6**	48.0
Insurance	**41.8**	61.7
Taxes, other than income taxes	**28.7**	46.4
Pensions	**18.2**	43.9
Interest	**16.3**	7.4
Other	**115.0**	109.6
Total	**$487.5**	$514.6

Long-term debt consists of the following obligations:

(In millions)	December 31 1984	1983
13% Notes	**$200.0**	$ –
11.1% Notes	**89.2**	–
4¾% Subordinated Debentures due 1987	**19.9**	19.9
11.7% Bank Loan due 1987	**60.0**	–
14⅝% Promissory Notes due 1988	**–**	55.0
6¾% Sinking Fund Debentures due 1993	**25.7**	25.9
9¾% Canadian Sinking Fund Debentures due 1997	**16.2**	17.5
8.45% Promissory Notes due 1998	**46.7**	50.0
14% Canadian Sinking Fund Debentures due 2000	**21.4**	24.1
7¾% Sinking Fund Debentures due 2001	**31.2**	36.2
7¾% Sinking Fund Debentures due 2003	**24.4**	60.0
9½% Sinking Fund Debentures due 2004	**31.6**	35.4
12⅜% Promissory Notes due 1984	**–**	30.0
Capital Lease Obligations	**66.0**	84.7
Other	**82.9**	85.5
	715.2	524.2
Less, current maturities	**33.3**	42.2
Total	**$681.9**	$482.0

The various debenture and other note issues generally require annual payments until final maturity. During 1984, the Company prepaid certain notes and sinking fund installments through the repurchase of $67 million principal amount of notes and debentures. In addition, the Company prepaid $55 million principal amount of the 14⅝% Promissory Notes with the proceeds from the 11.7% Bank Loan.

The $200 million Notes, which are commercial paper, due within one year, are classified as long-term debt as of December 31, 1984. Interest rate payments have been swapped into long-term obligations at a fixed rate of 13% having an average maturity of three years. The $89.2 million Notes, also commercial paper, due within one year, are classified as long-term debt as of December 31, 1984. This debt is intended to be renewed on a continuous basis for at least one year beyond the balance sheet date, or refinanced under long-term credit agreements. The Company has $292 million in long-term revolving credit agreements to support the issuance of both of these commercial paper programs.

The combined maturities and sinking fund obligations for all long-term debt issues during the next five years are as follows (in millions): 1985, $33.3; 1986, $81.5; 1987, $146.3; 1988, $88.9 and 1989, $88.3.

Other liabilities and minority interests consist primarily of minority interests in net assets of consolidated subsidiaries, insurance accruals, deferred incentive compensation liabilities and royalties.

Retirement plans–The Company has pension plans covering substantially all employees. Generally, accrued pension costs for most plans are funded by deposits with trustees. Certain U.S. pension plans administered by unions are funded through fixed levels of contributions established pursuant to collective bargaining agreements.

Total pension expense for all plans, determined principally under the projected unit credit method for U.S. plans, was $72.1 million in 1984, $82.5 million in 1983 and $72.6 million in 1982. Pension expense includes a provision for current service costs and, where applicable, amortization of prior service costs, principally over 30 years.

In 1984, based on a study by management and plan actuaries, the Company modified certain actuarial assumptions to reflect more closely the expected future experience for its principal domestic plans and dedicated a portion of its portfolio of U.S. pension fund assets to match bond maturities with projected retiree benefits for its retired U.S. employees. This dedicated bond fund has an effective yield of approximately 12¾%, resulting in all retiree benefits becoming fully funded.

The decrease in 1984 expense compared with 1983 results from this fund dedication and an increase in the assumed rate of return on the remaining U.S. fund assets. The effect of these changes in 1984 was to reduce pension expense by approximately $11 million. The principal reasons for the increase in pension expense in 1983 were improvements in benefits for certain domestic plans and the inclusion of Huntley & Palmer Foods, partially offset by operations divested in 1982.

A comparison of accumulated plan benefits based on actuarial valuations and plan net assets, generally as of January 1 of each year, the most recent actuarial valuation dates for the Company's principal domestic defined benefit pension plans, is as follows:

(In millions)	1984	1983
Actuarial present value of accumulated plan benefits:		
Vested	$449.2	$449.3
Non-vested	42.9	42.3
Total	$492.1	$491.6
Net assets available for plan benefits	$476.3	$433.1

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits for these plans was 9% in both 1984 and 1983, except for assets in the dedicated bond fund which were valued at 12¾% in 1984.

The Company's foreign pension plans are not required to report to certain U.S. government agencies pursuant to the Employee Retirement Income Security Act and do not otherwise determine the actuarial present value of accumulated plan benefits. At the most recent actuarial valuation dates for these plans, the value of plan assets exceeded the aggregate estimated vested benefits.

Postretirement benefits–In addition to providing pension benefits, the Company maintains benefit plans that provide health care and life insurance benefits to eligible U.S. and foreign retired employees. The costs of these benefits approximated $8 million in 1984. The Company generally expenses and funds such costs when health care benefits are paid to retirees or life insurance premiums are remitted to insurers.

Incentive compensation–The Nabisco Brands Key Employee Performance Pay Program, as approved by the shareholders in May 1982, provides for both annual and long-term incentive awards to employees selected by the Compensation and Management Development Committee of the Board of Directors. Annual incentive award amounts, payable in cash, are based on the attainment of corporate or component financial objectives and individual personal performance objectives. Long-term incentive award amounts are contingent upon the degree of attainment of predetermined earnings growth goals over periods of at least four years and are payable in cash or in a combination of cash and common stock. Awards may be paid currently or deferred. Provisions for this Program, excluding interest and dividends on deferred awards, were $12.8 million, $13.8 million and $18.7 million in 1984, 1983 and 1982, respectively.

Capital stock–The Company's Dividend Reinvestment and Stock Purchase Plan permits common shareholders to purchase additional common stock through reinvestment of their dividends and by additional optional cash investment.

The Company maintains an Employee Stock Ownership Plan for the benefit of U.S. salaried employees, whereby the Company contributes and deposits shares of common stock with a trustee, equal in market value to the maximum amount allowable for such plans under applicable income tax regulations.

The Company's Employee Stock Purchase Plan permits U.S. salaried employees to purchase shares of the Company's common stock through contributions of up to 5% of their annual salary. The Company matches 20% of such contributions.

The Company is authorized to issue up to 50,000,000 shares of preferred stock, par value $1.00.

Foreign exchange adjustments–Charges to income, net of taxes, were $9.2 million in 1984, $23.8 million in 1983 and $24.2 million in 1982. The decline in net exchange loss in 1984 was primarily due to gains on foreign currency borrowings and lower devaluations in Brazil.

Income taxes–The components of pretax income were as follows:

(In millions)	1984	1983	1982
Pretax income:			
Domestic	$318.2	$357.2	$342.1
Foreign	210.8	208.9	181.0
Total pretax income	$529.0	$566.1	$523.1

Reconciliations of the U.S. statutory tax rate with the effective tax rates reported are as follows:

	1984	1983	1982
U.S. statutory rate	46.0%	46.0%	46.0%
State and local income taxes, net of federal tax benefit	1.9	1.2	2.0
U.S. investment tax credits	(2.3)	(1.6)	(4.0)
Impact of lower foreign tax rates	(4.0)	(1.8)	(2.1)
Tax benefits on businesses sold	–	–	(3.3)
Other, net	–	(.8)	1.2
Effective tax rate	41.6%	43.0%	39.8%

Deferred income tax provisions, principally U.S. Federal taxes, result principally from the use of accelerated cost recovery methods in each year, partially offset in 1984 by deferred tax benefits related to provisions for organizational realignment. (See page 29.) As a result of the 1982 investments in tax lease benefits of $48 million, the Company was able to reduce its current income taxes payable by $16 million and $33 million in 1983 and 1982, respectively. These reductions in income taxes paid have not affected the provisions for income taxes in the consolidated statement of income.

The Company has indefinitely reinvested approximately $580 million of foreign subsidiaries' retained earnings, net of cumulative translation adjustments, to meet their operating and long-term needs and, accordingly, no U.S. income taxes have been provided on these amounts.

Litigation–In December 1982, the Antitrust Division of the Department of Justice filed a civil complaint against the Company and Archer-Daniels-Midland Company (ADM), seeking to rescind the lease to ADM of the Company's corn wet-milling facilities in Clinton, Iowa, and Montezuma, New York, and to obtain certain other relief.

Liability, if any, in the foregoing and various other legal proceedings and claims pending against the Company, cannot be presently ascertained, but, in the opinion of management and counsel, any ultimate liability from all pending legal proceedings and claims will not materially affect the Company's financial position or the results of its operations.

Segment information–A description and other data concerning the Company's principal business and geographic segments and their respective products is included on pages 5 and 6 of this Report.

Corporate assets consist principally of cash, short-term investments, headquarters facilities and equipment and investments in unconsolidated affiliates.

Certain prior years amounts have been reclassified to conform with current year presentation.

Net sales

(In millions)	1984	1983	1982
United States	$3,950.4	$3,621.8	$3,491.1
Canada	720.7	732.0	638.7
International	1,582.0	1,631.4	1,333.6
Operations Divested or Leased	–	–	407.7
Total	$6,253.1	$5,985.2	$5,871.1

Operating income

(In millions)	1984	1983	1982
United States	$450.5	$474.5	$438.3
Canada	60.7	67.1	59.8
International	140.5	152.2	136.5
Operations Divested or Leased	–	–	1.5
Unallocated Corporate	(72.7)	(65.7)	(62.2)
Total	$579.0	$628.1	$573.9

NABISCO BRANDS

Identifiable assets

(In millions)	1984	1983	1982
United States	$1,730.1	$1,659.2	$1,540.7
Canada	372.7	375.8	414.6
International	1,107.5	1,149.2	1,197.9
Operations Divested or Leased	170.6	185.0	200.3
Unallocated Corporate	380.3	256.3	570.8
Total	$3,761.2	$3,625.5	$3,924.3

Capital expenditures

(In millions)	1984	1983	1982
United States	$186.7	$129.2	$135.0
Canada	17.1	20.5	17.0
International	89.5	75.5	71.6
Operations Divested or Leased	–	–	14.1
Unallocated Corporate	9.5	15.7	28.9
Total	$302.8	$240.9	$266.6

Depreciation expense

(In millions)	1984	1983	1982
United States	$ 67.4	$ 63.5	$ 59.3
Canada	12.4	11.6	7.9
International	36.2	37.0	23.7
Operations Divested or Leased	14.4	15.0	18.1
Unallocated Corporate	7.5	4.0	4.5
Total	$137.9	$131.1	$113.5

Supplementary income statement information

(In millions)	1984	1983	1982
Maintenance and repairs	$157.4	$149.4	$132.4
Depreciation	$137.9	$131.1	$113.5
Taxes, other than payroll and income taxes, principally property	$ 43.4	$ 39.6	$ 33.1
Advertising	$263.1	$239.2	$222.0
Research and development	$ 50.0	$ 41.0	$ 35.9
Rent	$ 38.2	$ 43.6	$ 46.2

Leases–Amounts included in Property, plant and equipment under capital leases as of December 31 were as follows:

(In millions)	1984	1983
Buildings	$64.5	$ 68.0
Machinery and equipment	26.8	50.0
	91.3	118.0
Less, accumulated depreciation	31.8	33.7
Total	$59.5	$ 84.3

Capital leases relate to administrative facilities, warehousing facilities and manufacturing equipment. Operating leases cover facilities and equipment used by the Company for warehousing, transportation, administration and manufacturing. Future minimum payments under noncancelable leases with terms in excess of one year are:

(In millions)	Capital Leases	Operating Leases
1985	$ 7.8	$ 26.8
1986	7.6	21.1
1987	8.2	19.4
1988	7.3	16.7
1989	7.3	14.8
1990 and thereafter	99.5	77.1
Total minimum lease payments	137.7	$175.9
Less, amounts representing interest and executory costs	71.7	
Present value of minimum lease payments	$ 66.0	

Total minimum operating lease payments have not been reduced by $14.8 million of sublease rentals to be received in the future under noncancelable subleases.

Other financial information–Interim Results (Unaudited) appear on page 31 and Supplementary Information on the Effects of Inflation (Unaudited) appear on pages 32 and 33.

ELEVEN-YEAR FINANCIAL SUMMARY

(Dollars in millions, except per share data)	1984	1983	1982	1981
Net sales	$6,253.1	$5,985.2	$5,871.1	$5,819.2
Operating income	579.0	628.1	573.9	553.1
Interest expense	77.0	76.8	89.9	63.3
Income from continuing operations before income taxes	529.0	566.1	523.1	476.0
Income from continuing operations	308.9	322.6	314.7	266.3
Net income	308.9	322.6	314.7	266.3
Per share of common stock:				
Income from continuing operations	$ 5.02	$ 4.86	$ 4.83	$ 4.21
Net income	5.02	4.86	4.83	4.21
Dividends declared	2.48	2.28	2.05	1.77
Shareholders' equity	26.60	26.91	26.22	23.94
Working capital	$ 628.4	$ 584.1	$ 888.0	$ 761.9
Capital expenditures	302.8	240.9	266.6	252.0
Depreciation expense	137.9	131.1	113.5	96.7
Property, plant and equipment, net	1,546.5	1,508.1	1,474.8	1,342.1
Total assets	3,761.2	3,625.5	3,924.3	3,527.7
Short-term debt	60.2	81.2	100.2	103.7
Long-term debt	681.9	482.0	702.2	699.1
Shareholders' equity	1,544.2	1,710.8	1,835.9	1,522.8
Average common shares outstanding (000)	61,486	66,310	65,026	63,142
Number of employees at year end	68,200	69,700	55,100	60,400
Effective income tax rate	41.6%	43.0%	39.8%	44.1%
Current ratio	1.61:1	1.54:1	1.83:1	1.73:1
Long-term debt to capitalization	31%	22%	28%	31%
Return on average common shareholders' equity	19%	19%	19%	19%

1980	1979	1978	1977	1976	1975	1974
$5,587.2	$4,975.3	$4,555.1	$4,166.1	$3,783.9	$3,704.8	$3,376.7
501.0	417.4	393.5	369.8	351.6	333.9	259.7
65.0	58.9	54.6	51.6	50.9	56.6	58.3
420.1	343.1	340.0	287.6	300.5	269.9	205.1
234.8	186.5	179.1	173.5	151.8	132.3	105.4
234.8	186.5	179.1	147.6	146.6	127.6	102.7
$ 3.73	$ 2.97	$ 2.86	$ 2.79	$ 2.45	$ 2.14	$ 1.71
3.73	2.97	2.86	2.37	2.36	2.06	1.67
1.60	1.45	1.35	1.24	1.18	1.09	1.03
21.44	19.23	17.64	16.09	14.91	13.67	12.65
$ 879.7	$ 755.8	$ 688.6	$ 584.2	$ 499.8	$ 489.6	$ 469.7
212.9	152.1	126.5	109.2	145.9	167.7	137.6
89.3	79.7	77.1	67.4	62.0	58.5	53.9
1,082.8	985.8	938.7	906.0	874.4	798.2	724.1
3,031.6	2,682.1	2,530.2	2,321.0	2,136.6	2,027.0	2,035.4
34.4	52.5	89.6	119.1	123.1	100.1	247.7
600.4	528.9	521.7	513.2	480.2	502.2	504.0
1,344.1	1,200.3	1,098.9	998.3	923.4	844.8	781.6
62,833	62,606	62,469	62,139	61,864	61,645	61,313
61,200	61,600	62,300	66,000	69,200	67,600	68,900
44.1%	45.6%	47.3%	39.7%	49.5%	51.0%	48.6%
2.02:1	2.03:1	1.98:1	1.98:1	1.88:1	1.92:1	1.76:1
31%	31%	32%	34%	34%	37%	39%
19%	16%	17%	16%	17%	16%	14%

DIRECTORS AND OFFICERS

Board of Directors

Phyllis Burke Davis
Group Vice President,
Advertising and Communications,
Avon Products, Inc.

Walter G. Dunnington, Jr.
Executive Vice President and
General Counsel,
Nabisco Brands, Inc.

Martin F. C. Emmett
Vice Chairman,
Burns Fry and Timmins Inc., and
Former Senior Executive Vice
President, Nabisco Brands, Inc.

Kenneth C. Foster
Former President,
The Prudential Insurance
Company of America

Mills E. Godwin, Jr.
Former Governor,
Commonwealth of Virginia

Dr. Helen A. Guthrie
Head of Nutrition Program,
Pennsylvania State University

Robert W. Haack
Former Chairman of the Board,
Lockheed Corporation, and
Former President, New York
Stock Exchange

Robert S. Hatfield
Retired Chairman of the Board,
The Continental Group, Inc.

James L. Hayes
Retired Chairman of the Board,
American Management
Associations

Charles E. Hugel
President and
Chief Executive Officer,
Combustion Engineering, Inc.

F. Ross Johnson
Vice Chairman of the Board and
Chief Executive Officer,
Nabisco Brands, Inc.

Paul Kolton
Chairman, Advisory Council,
Financial Accounting
Standards Board

Morris L. Levinson
Former President,
Associated Products, Inc.

Dean R. McKay
Retired Senior Vice President,
International Business Machines
Corporation

W. Earle McLaughlin
Former Chairman,
The Royal Bank of Canada

William H. Moore
Former Chairman of the Board,
Bankers Trust Company

Ellmore C. Patterson
Retired Chairman,
Morgan Guaranty Trust
Company of New York

Dr. Albert Rees
President,
Alfred P. Sloan Foundation

Andrew G. C. Sage II
Managing Director,
Shearson Lehman/American
Express, Inc.

Robert M. Schaeberle
Chairman of the Board,
Nabisco Brands, Inc.

C. Richard Sharpe
Chairman and
Chief Executive Officer,
Sears Canada Inc.

William C. Turner
Chairman,
Argyle Atlantic Corporation

James O. Welch, Jr.
President and
Chief Operating Officer,
Nabisco Brands, Inc.

William S. Woodside
Chairman and
Chief Executive Officer,
American Can Company

Honorary Directors

Lee S. Bickmore
Joel S. Mitchell

Office of the Chairman

Robert M. Schaeberle
Chairman of the Board

F. Ross Johnson
Vice Chairman of the Board and
Chief Executive Officer

Corporate Officers

James O. Welch, Jr.
President and
Chief Operating Officer

Robert J. Carbonell
Executive Vice President

Walter G. Dunnington, Jr.
Executive Vice President and
General Counsel

H.F. Powell
Executive Vice President and
Chief Financial Officer

John E. Willett
Executive Vice President

Harrison M. Bains, Jr.
Senior Vice President and
Treasurer

Andrew S. Barrett
Senior Vice President,
Personnel

John H. Clarke
Senior Vice President

Michael M. Masterpool
Senior Vice President,
Corporate Affairs

Ward M. Miller, Jr.
Senior Vice President,
Law and Secretary

Dean R. Posvar
Senior Vice President,
Corporate Planning and
Development

Edward J. Robinson
Senior Vice President and Controller

Peter N. Rogers
Senior Vice President

Kenneth D. Taylor
Senior Vice President, Government Affairs

Raymond F. Wright
Senior Vice President, Financial and Information Services

J. Thomas Pearson
Vice President, Taxes

Robert E. Smith
Vice President

Keith C. Thompson
Vice President, Law

Carol S. Tutundgy
Vice President, Investor Relations

Emory G. Bass
General Auditor

Nabisco Brands USA

Robert J. Carbonell
President

John H. Clarke
Executive Vice President, Corporate Technology

Claude B. Hampton
Executive Vice President

Edward P. Redding
Executive Vice President

Peter N. Rogers
Executive Vice President, Operations

Edward L. Bjornson
President, Nabisco Confections, Inc.

H. John Greeniaus
Senior Vice President and President, Biscuit Division

Lawrence Kleinberg
President, Planters/Life Savers Division

Ted T. Lithgow, Jr.
President, Fleischmann Division

Paul F. Lohmeyer
Chairman, All Brand Importers, Inc.

William B. McKnight
President, Grocery Division

John H. Murray
President, Sales & Distribution Division

Robert E. Smith
Senior Vice President, Corporate Research & Development

William J. Tobin
President, Food Service Division

Nabisco Brands Ltd (Canada)

John R. MacDonald
Chairman and Chief Executive Officer

Fred Corrado
President and Chief Operating Officer

International Nabisco Brands

John E. Willett
Chairman

Conrad J. Daubanton
President, South American Operations

Frederick T. Kovaleski
President, Asia-Pacific/CARECAM Operations

Alistair C. Mitchell-Innes
Chief Executive Nabisco Group Ltd. (U.K.)

Aldo L. Osti
President, European Operations

Anthony R. Pendry
President, Middle East, Africa and India Operations

PRINCIPAL LOCATIONS

Argentina
Buenos Aires

Australia
Brisbane
Melbourne
Perth
Sydney

Brazil
Conchal
Escada
Governador Valadares
Itaperuna
Itapetinga
Jundiai
Pedreira
Petropolis
Piracicaba
Registro

Canada
Amherst
Brampton
Bridgetown
Calgary
Dartmouth**
Hamilton
Joliette
Kelowna
LaSalle
Lethbridge
Mississauga
Montreal
Niagara Falls
Richmond
St. Boniface
Scarborough
Sherbrooke
Toronto
Vancouver
Weyburn
Winnipeg

Chile
Santiago

Colombia
Medellin
Palmira

Costa Rica
San Jose

Denmark
Copenhagen
Hjoerring

Ecuador
Ambato
Guayaquil
Lasso

France
Castelsarrasin
Champagnac
Chateau-Thierry
Evry
Nontron

Guatemala
Guatemala City

Honduras
Tegucigalpa

India
Bombay*
Calcutta*
Delhi*
Madras*

Ireland
Dublin*

Italy
Capriata d'Orba
Genoa
Liscate
Locate
Milan

Jamaica
Spanish Town

Japan
Koga*

Malaysia
Johor Baharu

Mexico
Celaya*
Guadalajara*
Merida*
Mexico City
Monterrey*
Obregon*

New Zealand
Auckland
Nelson
Wanganui**
Wellington

Nicaragua
Managua

Panama
Aguadulce
Panama City

Peru
Lima

Philippines
Manila**

Portugal
Lisbon

Puerto Rico
Las Piedras
Mayaguez

Singapore
Jurong

South Africa
Dundee
Johannesburg**

Spain
Abadiano
Montornes
Tordesillas

Trinidad
Tunapuna

Turkey
Mersin

United Kingdom
Ashton-in-Makerfield
Corby
Fleetwood
Leicester
Lincoln
Liverpool
London
Paulsgrove
Peterlee
Swansea
Welwyn Garden City
Winchester
Woodley

United States

Administration
East Hanover, New Jersey**
Parsippany, New Jersey**

Cookies & Crackers
Atlanta, Georgia
Buena Park, California
Chicago, Illinois
Fair Lawn, New Jersey
Houston, Texas
Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania
Portland, Oregon
Richmond, Virginia
St. Louis, Missouri

Desserts & Cake Mixes
Seville, Ohio

Confectionery
Cambridge, Massachusetts
Canajoharie, New York
Danville, Illinois
Franklin Park, Illinois
Holland, Michigan
Mansfield, Massachusetts

Nut Products & Snacks
Bridgeview, Illinois
Chattanooga, Tennessee
Fort Smith, Arkansas
Suffolk, Virginia

Margarine
Denison, Texas
Indianapolis, Indiana
Oakland, California
Pennsauken, New Jersey

Pet Foods
Buffalo, New York
Denver, Colorado
Tualatin, Oregon

Research & Development
Fair Lawn, New Jersey
Wilton, Connecticut

Cereals
Minneapolis, Minnesota
Naperville, Illinois
Niagara Falls, New York
Oakland, California

Pimientos, Dates & Steamed Breads
Woodbury, Georgia

Cheese Spreads
Wrightstown, Wisconsin

Flour Mill
Toledo, Ohio

Yeast, Vinegar & Other Products
Baltimore, Maryland
Brockport, New York
Charlotte, North Carolina
Chicago, Illinois
Los Angeles, California
Montebello, California
Montgomery, Alabama
Nixa, Missouri
Oakland, California
St. Louis, Missouri**
Sumner, Washington

Uruguay
Montevideo
Paesandu

Venezuela
Barquisimeto*
Caracas*
La Victoria

West Germany
Schwerte
Weseke

*Unconsolidated affiliate
**Leased facilities

NABISCO BRANDS PRODUCTS

Nabisco Brands USA

Biscuit Products

Almost Home Cookies
Barnum's Animal Crackers
Better Cheddars Snack Thins
Biscos Sugar Wafers
Cameo Creme Sandwiches
Cheese *Nips* Crackers
Chicken In A Biskit Flavored Crackers
Chips Ahoy! Chocolate Chip Cookies
Easy Cheese Pasteurized Process Cheese Spread
Escort Crackers
Fig Newtons Cookies
Heyday Caramel Peanut Logs
Honey Maid Graham Crackers
I Screams Sandwich Cookies
Lorna Doone Shortbread
Mallomars Chocolate Cakes
Mister Salty Pretzels
Nilla Wafers
Nutter Butter Peanut Butter Sandwich Cookies
Oreo Chocolate Sandwich Cookies
Oysterettes Soup & Oyster Crackers
Party Grahams Cookies
Pinwheels Chocolate Cakes
Premium Crackers
Ritz Crackers
Social Tea Biscuits
Triscuit Wafers
Uneeda Biscuits
Waverly Crackers
Wheatsworth Stone Ground Wheat Crackers
Wheat Thins Snack Crackers

Confectionery & Snack Products

Baby Ruth Candy Bar
Bonkers! Fruit Candy
Breath Savers Sugarless Candy
Bubble Yum Bubble Gum
Butterfinger Candy Bar
*Care*Free* Sugarless Gum
Charleston Chew! Candy Bar
Chuckles Candy
Junior Mints Candy
Life Savers Hard-Roll Candy
Merckens Chocolate
Pearson Specialty Candy
Planters Peanuts, Mixed Nuts, DeLuxe Mixed Nuts, Cashews and Sesame Nut Mix
Planters Cheez Balls, Cheez Curls, Corn Chips and Pretzels
Sugar Daddy Pop

Grocery Products

Blue Bonnet Margarines
Butcher Bones Dog Snacks
Cream Of Wheat and *Cream of Rice* Cereals
Dromedary Dates, Pimientos and Cake Mixes
Fleischmann's Egg Beaters Cholesterol-Free 99% Real Egg Product
Fleischmann's Margarines, Vinegar and Yeast
Fosters Lager Australian Beer
Home Hearth Yeast Bread Mixes
Milk-Bone Brand Dog Biscuits
Moosehead Canadian Beer
Nabisco 100% Bran Cereal
Nabisco Shredded Wheat Cereal
Royal Gelatins, Puddings and No-Bake Pies
Spoon Size Shredded Wheat Cereal
Team Flakes Cereal
Toasted Wheat & Raisins Cereal

Nabisco Brands Ltd (Canada)

Blue Bonnet Margarines
Bubble Yum and *Care*Free* Gums
Calona Wines
Chipits Baking Chips
Christie Cookies, Crackers and Snacks
Cream Of Wheat Cereals
Dad's Cookies
David Cookies
Dr. Ballard's Canned and Dry Dog Foods
Dickson's, Club and Melrose Food Service Coffees
Fleischmann's Margarines and Yeasts
Life Savers Hard-Roll Candy
Lowney Candy Bars
Magic Baking Powder
McGuinness Spirits
Milk-Bone Dog Biscuits and Dog Food
Miss Mew Canned Cat Food
Moirs Boxed Chocolates
Nabisco Cereals
Peek Freans Sweet and Savoury Biscuits
Planters Nuts
Reid Flours
Royal Desserts

International Nabisco Brands

United Kingdom

Bendicks Confectionery
Big D Nuts
Granny Smiths Pastry, Bread and Cheese Cake Mixes
Hovis Crackers and Digestive Biscuits
Huntley & Palmer Biscuits
Jacob's Crackers and *Club* Countline
Nabisco Shredded Wheat Cereal
Peek Freans Sweet and Savoury Biscuits
Planters Nuts and Snack Products
Ritz Crackers
Royal Desserts, Gelatins and Cake Mixes
Smiths Crisps and Snack Products
Shreddies Cereal
Tea Time Sweet Biscuits
Trio Countline
Walkers Crisps and Snack Products

Continental Europe

Ardilla Pastas and Cannelloni
Ati Herb Teas
Catari Pizza Mixes
Chipster Potato Snacks
Cremerinos Biscuits and Wafers
Feuillete Snack Crackers
Minizza Snack Crackers
Moulin de Jacobert Frozen Pastries
Oro Sweet Biscuits
Oxford Biscuits
Parisienne Pastry Cake
Pepito Chocolate-Covered Sweet Biscuits
Petits Coeurs Sweet Biscuits
Premium Saltine Crackers
Riera-Marsa Dry Baby Foods, Flour Mixes and Instant Mashed Potatoes
Ritz Crackers
Royal Desserts, Gelatins and Cake Mixes
Royal Linfa Soft Drinks

Latin America

Aurora Dessert Products
Bubble Yum Bubble Gum
Cameo Cream Sandwich Cookies
Fleischmann's Baking Products and Yeast
Gamesa Biscuits and Pasta
Gloria Milk Products
Life Savers Hard-Roll Candy
Oreo Chocolate Sandwich Cookies
Planters Nuts and Snack Products
Pommys Delicatessen Products
Ritz Crackers
Royal Baking Products
Royal Desserts and Drink Powders
Royalina Drink Powders
Sabueso Dog Biscuits
Sorbetto Sugar Wafers
Sultana Soda Crackers

Asia/Pacific

Chicken In A Biskit Flavored Crackers
Chips Ahoy! Chocolate Chip Cookies
Chipstar Potato Chips
Corn *Diggers* Snacks
Minties Candies
Parfait Soft Cake
Picola Crepe Cookies
Planters Nuts and Snack Products
Premium Saltine Crackers
Ritz Crackers
Royal Brand Products
Rum Slice Biscuits
Vita Brits Cereal
Weeties Cereal

NABISCO BRANDS

Executive Offices
Nabisco Brands Plaza
Parsippany, N.J. 07054
(201) 898-7100

Form 10-K
The Company's Annual Report on Form 10-K for 1984, filed with the Securities and Exchange Commission, is available upon request without charge by writing to Investor Relations at the Executive Offices of the Company.

Auditors
Coopers & Lybrand
80 Park Plaza
Newark, N.J. 07102

Stock Exchanges
The Company's common stock is listed on the New York and London Stock Exchanges. The ticker symbol "NB" is used on the New York Stock Exchange.

Transfer Agents
The Bank of New York
90 Washington Street
New York, N.Y. 10015

The Bank of New York
147 Leadenhall Street
London, EC3V 4PN
England

Shareholder Information
Shareholders are requested to address questions concerning their securities, dividends and address changes to The Bank of New York, Attn. Shareholder Relations, P.O. Box 11002, New York, N.Y. 10249. All other shareholder inquiries may be directed to Nabisco Brands, Inc., Shareholder Relations, Nabisco Brands Plaza, Parsippany, N.J. 07054.

Annual Meeting
Shareholders are cordially invited to attend the Annual Meeting of Shareholders. It will be held at 10:30 a.m. on Thursday, May 2, 1985, at the Richmond Marriott Hotel in Richmond, Virginia.

Dividend Reinvestment Plan
Nabisco Brands maintains a Dividend Reinvestment and Stock Purchase Plan. Holders of common stock participating in this plan may have dividends on their shares automatically reinvested in additional shares. Information may be obtained by writing to The Bank of New York, P.O. Box 11234, New York, N.Y. 10277.

Note: Throughout this Annual Report product references in italics and/or with initial capitals represent trade names, trademarks or brand names owned or associated with Nabisco Brands, Inc., or its affiliates.

Design by Corporate Annual Reports Inc.

NABISCO BRANDS INC

Nabisco Brands Plaza
Parsippany, New Jersey 07054